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IN THE UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

|                           |   |                   |
|---------------------------|---|-------------------|
| UNITED STATES OF AMERICA, | ) |                   |
|                           | ) | No. 08 CR 888     |
| Government,               | ) |                   |
|                           | ) | Chicago, Illinois |
| vs.                       | ) |                   |
|                           | ) | July 1, 2010      |
| ROD BLAGOJEVICH,          | ) |                   |
| ROBERT BLAGOJEVICH,       | ) |                   |
|                           | ) | 9:30 o'clock a.m. |
| Defendants.               | ) |                   |

VOLUME 18  
TRANSCRIPT OF PROCEEDINGS  
BEFORE THE HONORABLE JAMES B. ZAGEL  
AND A JURY

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1 (The following proceedings were had out of the  
2 presence of the jury in open court:)

3 THE CLERK: The case on trial, United States  
4 versus Blagojevich, et al.

5 THE COURT: This is just to tell you what  
6 we're going to do.

7 The defendant has filed three motions for  
8 mistrial. All of the motions for mistrial are  
9 denied, but since the jury is not out and the  
10 witness is here, we will give Mr. Goldstein a chance  
11 to ask his questions and see where we go from there.

12 MR. SCHAR: Very well.

13 THE COURT: And that's it.

14 (Recess.)

15 THE CLERK: Please remain seated.

16 This court resumes in session. We'll resume  
17 with the case on trial.

18 Counsel.

19 MR. SCHAR: Good morning, Your Honor.

20 Reid Schar, Chris Niewoehner and Carrie  
21 Hamilton on behalf of United States.

22 MR. GOLDSTEIN: Aaron Goldstein on behalf of  
23 Rod Blagojevich.

24 MR. SCHAR: Judge, very briefly. I'm  
25 starting with the redirect and then recross.

1 THE COURT: After the offer of proof.

2 MR. SCHAR: The next witness is an individual  
3 named David Keahl who is going to basically testify,  
4 he's mostly a publication witness to some ethics  
5 test taken by Defendant Blagojevich.

6 within that ethics testing there is  
7 discussion of bribery and also bribery is the  
8 following. Obviously, we're not intending -- the  
9 point of it is not to inform the jury as to what the  
10 elements of bribery are or anything like that, that  
11 will clearly come from Your Honor.

12 I want to raise it with Your Honor in case  
13 you thought an instruction would be appropriate.  
14 Obviously, that's a discretionary call, but they are  
15 going through the next witness hear some discussion  
16 of bribery and what it means.

17 The next witness after that is a re-call of  
18 Agent Schindler. We have an additional chart binder  
19 that we would like to give to the jury. I don't  
20 know if it makes sense to take a break, if not, we  
21 can easily pass those out. It would not take long,  
22 I think.

23 And then lastly, from a scheduling  
24 perspective, Judge, we just wanted to confirm next  
25 week is a three-day week.

1 THE COURT: Three-day week.

2 MR. SCHAR: Thank you.

3 THE COURT: Now go over what you started  
4 with. I'm not sure I understand this.

: 48AM

5 MR. SCHAR: The witness that is coming next  
6 is going to testify that Defendant Blagojevich took  
7 ethics training in 2004 through 2008. It's an  
8 on-line ethics training. We intend to put in  
9 through this witness the 2004 ethics training which  
10 lays out a variety of different things, explaining  
11 what conflicts and interests are and bribery,  
12 simplistically, in a couple of true, false answer  
13 questions. It defines for the defendant, obviously,  
14 the government's position is, it defines clearly  
15 that you cannot take official action in exchange for  
16 some type of personal benefit and he was on notice  
17 at that time.

: 48AM

: 49AM

18 THE COURT: And this training was taken  
19 because a requirement of state law?

: 49AM

20 MR. SCHAR: Yes.

21 THE COURT: You have views on this?

22 MR. ETtinger: Judge, I just heard the tail  
23 end.

: 49AM

24 THE COURT: It's not you. It's not your  
25 client.



1 MR. GOLDSTEIN: Your Honor, the fact that it  
2 is now being put in, we could have asked questions  
3 of all the witnesses about these particular issues,  
4 so we don't want this evidence coming in, this  
5 particular exhibit, to show what the government  
6 wants it to show.

7 THE COURT: The other witnesses would've  
8 talked about the ethics training of the government?

9 MR. GOLDSTEIN: No, but we could have framed  
10 the cross-examination of these particular witnesses;  
11 John Harris in particular.

12 THE COURT: And you'd ask him about?

13 MR. GOLDSTEIN: We'd ask him about the  
14 particular ethics training.

15 THE COURT: That he took?

16 MR. GOLDSTEIN: Yes, and his understanding of  
17 what the Governor took, as well.

18 MR. SCHAR: They asked Mr. Harris about the  
19 ethics training.

20 THE COURT: I thought you did. And I was  
21 curious because in the ancient days when I was an  
22 employee of the State of Illinois, I don't recall  
23 ethics training, but I guess the General Assembly  
24 decided it was a good idea.

25 I think this is a different issue and I think

1 they are entitled to do it. I think I will tell the  
2 jury that whatever definitions and principles  
3 underlay the ethics training, they are not to  
4 consider them as statements of the law as it exists  
5 in this case and they'll get that from me at the end  
6 of the case.

7 where is Mr. Scofield?

8 MR. SCHAR: We'll get him right now, Judge.  
9 (Brief pause).

10 THE COURT: Mr. Goldstein, ask away.

11 MR. GOLDSTEIN: I have no further  
12 cross-examination.

13 THE COURT: Wait. Wait. Wait. I have a  
14 motion here which says I ought to find a mistrial  
15 because I stopped you from doing certain things.  
16 This is your chance to show what it was I stopped  
17 you from doing.

18 MR. GOLDSTEIN: I believe it's clear from --

19 THE COURT: No, it's not clear. I'm giving  
20 you an opportunity to make an offer of proof. If  
21 you decline that opportunity, it's your right to do  
22 so.

23 MR. GOLDSTEIN: We decline.

24 THE COURT: Okay.

25 (Brief pause).

1 THE MARSHAL: All rise.

2 (The following proceedings were had in the  
3 presence of the jury in open court:)

4 THE COURT: Please be seated.

:55AM

5 You may proceed.

6 MR. SCHAR: Thank you, Judge.

7 DOUG SCOFIELD, GOVERNMENT WITNESS, PREVIOUSLY SWORN

8 REDIRECT EXAMINATION

9 BY MR. SCHAR:

:55AM

10 q Mr. Scofield, yesterday on cross-examination you  
11 were asked some questions about transcripts that  
12 indicated that calls were incoming to Defendant  
13 Blagojevich from you. Do you remember those  
14 questions?

:55AM

15 A Yes, sir. Yes, I do.

16 q Mr. Scofield, how is it that you came to call  
17 Defendant Blagojevich?

18 A His assistant, Mary Stewart, would call me and  
19 ask that I call Mr. Blagojevich.

:55AM

20 q To the best of your knowledge, other than calling  
21 Mary Stewart, do you know whether Defendant  
22 Blagojevich called anyone else himself?

23 A I don't believe he did. I don't know that I can  
24 recall a time that he called me directly.

:56AM

25 q You were asked whether anyone forced the phone

1 into your hand and pressed the numbers for you.  
2 When the Governor of the State of Illinois asked you  
3 to call, Mr. Scofield, did you believe that that was  
4 a call that you could ignore?

:56AM

5 MR. GOLDSTEIN: Objection; leading.

6 THE COURT: Sustained to the form.

7 BY MR. SCHAR:

:56AM

8 Q What, if anything, did you believe you should do  
9 when the Governor of the State of Illinois called  
10 you?

11 A I believe that I should return the call.

:56AM

12 Q You were asked some questions about a  
13 November 6th meeting that occurred after a meeting  
14 between Defendant Blagojevich and Tom Balanoff at  
15 the Thompson Center, do you recall that?

16 A Yes, I do.

:56AM

17 Q You were, in particular, asked questions about  
18 what Defendant Blagojevich told you about a supposed  
19 conversation he had with J.B. Pritzker, do you  
20 remember that?

21 A Yes, sir.

:57AM

22 Q Do you know whether, in fact, Defendant  
23 Blagojevich actually talked to Mr. Pritzker about  
24 Lisa Madigan?

25 A No, I don't.

1 q Do you know one way or the other whether J.B.  
2 Pritzker actually talked with Defendant Blagojevich  
3 about Lisa Madigan's supposed interest in the Senate  
4 Seat?

5 A No, I don't know.

6 q Do you know one way or the other whether Lisa  
7 Madigan is being used as a stalking horse?

8 A No, I don't.

9 q Do you know whether or not you were being used,  
10 one way or the other, to pass information on to SEIU  
11 and Tom Balanoff?

12 A No, I don't.

13 q You went through you a number of transcripts  
14 yesterday on cross-examination and statements which  
15 you had made, statements which you agreed with what  
16 Defendant Blagojevich was saying.

17 Had you talked prior to that to Defendant  
18 Blagojevich about whether he should appoint himself  
19 to the Senate Seat?

20 A Yes, I had.

21 q Briefly, what had you told him?

22 A I told him I didn't think it was a good idea, I  
23 didn't think it was good for him, I didn't think it  
24 was the right thing to do.

25 q And had he agreed with you?

1 A No, he didn't agree.

2 Q Do you know, one way or the other, Mr. Scofield,  
3 what Defendant Blagojevich said about you to others  
4 after you told him he should not take the Senate  
5 Seat?

6 MR. GOLDSTEIN: Objection, Your Honor.

7 THE COURT: Overruled.

8 BY THE WITNESS:

9 A No, sir, I don't.

10 BY MR. SCHAR:

11 Q Had you talked to Defendant Blagojevich about  
12 whether he could get the position of Secretary of  
13 Health and Human Services?

14 A Yes, I had.

15 Q Briefly, what had you told him?

16 A I told him I didn't believe he would get that  
17 appointment.

18 Q Did Defendant Blagojevich then stop talking about  
19 it with you?

20 A No, he didn't.

21 Q To your knowledge, did that stop him from asking  
22 for it?

23 A No, it did not stop him.

24 Q Had you told Defendant Blagojevich that naming  
25 J.B. Pritzker to the Senate Seat in relation to

1 getting funding for a 501(c)(4) would be hard to do?

2 A Yes, I --

3 MR. GOLDSTEIN: Objection.

4 THE COURT: Overruled.

5 BY MR. SCHAR:

6 Q Was your answer yes?

7 A Yes, I told him it would be hard to do.

8 Q Did that stop him from talking about it?

9 A No.

10 Q What was your understanding as to whether you  
11 were going to be able to dissuade Defendant  
12 Blagojevich from doing what he wanted with the  
13 senate seat?

14 A I strongly believed I would not.

15 Q Did you think that you were being asked for your  
16 advice in these discussions?

17 A No, I really didn't.

18 Q At some point did you make a decision as to how  
19 you were going to handle this situation?

20 A Yes, I did.

21 Q What did you decide to do?

22 A I decided that given what I had done previously  
23 and that hadn't changed his mind, that I was going  
24 to not oppose him and listen and essentially tell  
25 him what he wanted to hear.

1 q Was it your understanding, Mr. Scofield, from  
2 your phone calls with Defendant Blagojevich that  
3 Bill Knapp had told Defendant Blagojevich he should  
4 name Valerie Jarrett to the Senate Seat and hope for  
5 goodwill?

:59AM

6 A Yes, it was.

7 q What did Defendant Blagojevich call Bill Knapp  
8 after Bill Knapp had provided that advise to you?

9 A He called him a quisling.

:59AM

10 q What is a quisling?

11 A Someone who is a traitor, a collaborator to be  
12 more specific. Someone who is disloyal.

13 q From your perspective, in terms of being able to  
14 help your client and yourself, did you think,

:00AM

15 Mr. Scofield, you could have the Governor of the  
16 State of Illinois think of you as a traitor?

17 A No, I didn't.

18 q You were asked some questions as to whether or  
19 not you were an adviser. Did Defendant Blagojevich

:00AM

20 talk to you about the Senate Seat around  
21 November 13th?

22 A Yes, he did.

23 q Was that approximately the same time Valerie  
24 Jarrett took her name out of the running for the

:00AM

25 vacant Senate Seat?



Scofield - redirect by Schar

3599

1 A Yes, it was about the same time.

2 q As of November 13th was that Senate Seat filled?

3 A No, it wasn't.

4 q After November 13th, you basically did not talk  
5 to Defendant Blagojevich again about the Senate  
6 Seat?

7 A I hardly talked to him at all.

8 q Was that because you were reaching out to him and  
9 he wouldn't take your calls?

10 A No.

11 q Was he reaching out to you?

12 A No, he wasn't.

13 q He stopped?

14 A Yes, that's right.

15 q With Valerie Jarrett taking her name off?

16 A Yes.

17 q You were asked questions about a call which  
18 Defendant Blagojevich stated:

19 "I've got this thing and it's f'ing golden  
20 and I'm not, I'm just not giving it up for  
21 f'ing nothing.

22 Do you remember that call?

23 A Yes, I do.

24 q Right before that Defendant Blagojevich made a  
25 joke about giving the Senate Seat to his nephew, do

Scofield - redirect by Schar

3600

1 you remember that?

2 A Yes, do.

3 q When Defendant Blagojevich stated "I've got this  
4 thing and it's f'ing golden and I'm just not giving  
5 it up for f'ing nothing," Mr. Scofield, did you  
6 think he was joking?

7 A No, I didn't think he was joking.

8 q What did you understand he was saying to you?

9 A I understood him to be saying that he thought his  
10 ability to appoint a senator was valuable, golden,  
11 and that he was not going to surrender that valuable  
12 thing without receiving something for his personal  
13 benefit in return for making the appointment.

14 q Sir, was there anything you found about this  
15 situation that was a joke?

16 MR. GOLDSTEIN: Objection.

17 THE COURT: Sustained to the form.

18 BY MR. SCHAR:

19 q Did you take this situation very seriously?

20 A Yes, sir, I did.

21 MR. SCHAR: Nothing further, Judge.

22 THE COURT: Recross.

23

24

25

Scofield - recross by Goldstein

3601

1                                    RECROSS EXAMINATION

2 BY MR. GOLDSTEIN:

3 q    Good morning, Mr. Scofield.

4 A    Good morning, sir.

:02AM

5 q    You were asked questions about J.B. Pritzker.

6 Were you aware that the Governor spoke to J.B.

7 Pritzker about the Madigan deal November 6th and

8 November 14th?

9 A    Well I was he told me that, yes. He told me

:02AM

10 that, yes, sir.

11 q    You don't have personal knowledge whether he did

12 or didn't?

13 A    Of whether he spoke with J.B. Pritzker?

14 q    Correct.

:02AM

15 A    No, I have no personal knowledge whether he did.

16 q    Okay.

17                    Now, you said that you felt it necessary to

18 return the call to the Governor of the State of

19 Illinois, is that correct?

:03AM

20 A    Yeah.

21 q    In 2003, after 3 months of being Deputy Governor,

22 you chose to quit, is that correct?

23 A    I chose to leave when the circumstances became a

24 little more complicated. I was willing to stay and

:03AM

25 then I was told I could go, but yes, I left around

1 3 months.

2 q And you chose not only to quit your job as Deputy  
3 Governor for the State of Illinois, you then lost  
4 contact with Governor Blagojevich for 2 years, is  
5 that correct?

6 A Most personal contact, yes.

7 q And you did that all on your own?

8 A Yes, sir, I did.

9 q You didn't feel threatened that you had to talk  
10 to him for those 2 years, did you?

11 A I -- I don't believe he called during those  
12 2 years.

13 q And you didn't feel pressured in any way, did  
14 you?

15 A I'm not sure I understand. Pressured to do what?

16 q Pressure to stay in 2003. You left.

17 A It was a difficult decision.

18 q It was a difficult decision.

19 A Yes.

20 q You jumped out on your own in 2003?

21 MR. SCHAR: Objection.

22 THE COURT: I believe that's been asked and  
23 answered. That objection is sustained.

24 BY MR. GOLDSTEIN:

25 q Mr. Scofield, you talked about discussions in

1 which Governor Blagojevich discussed appointing  
2 himself to the Senate Seat, do you recall that?

3 A Yes.

4 q And you said you disagreed with him, is that  
5 correct?

6 A That's correct.

7 q And you listened to all the calls you had with  
8 Governor Blagojevich, is that correct?

9 A Yes, I believe so.

10 q And some of those calls have not been played for  
11 the jury, to your knowledge, is that correct?

12 MR. SCHAR: Objection.

13 THE COURT: The objection is sustained.

14 BY MR. GOLDSTEIN:

15 q Do you recall any calls where this conversation  
16 about disagreeing about appointing himself was  
17 discussed that you listened to?

18 A Yes, I do.

19 q Okay. And Governor Blagojevich continued to talk  
20 to you, is that correct?

21 A Yes, that's correct.

22 q Was he yelling at you when he disagreed?

23 A I don't recall if he was yelling. I recall he  
24 was frustrated.

25 q At what date did you decide to say: You know

1 what, I'm just going to agree with him from now on?

2 what date did that occur?

3 A I don't recall that I recall a date. I told him  
4 early on that I didn't believe he was going to be  
5 appointed to the Cabinet and that didn't change his  
6 interest in being in the Cabinet, so it would have  
7 been around that time.

8 q Around that time? Around the time in which you  
9 told him that?

10 A No, I'd say the days following when it was clear  
11 to me that his interest was not diminished, or that  
12 my opinion had not changed his interest.

13 q As I understand, your decision was to just agree  
14 with everything?

15 A No, I didn't say that.

16 q Was your decision also to encourage Governor  
17 Blagojevich?

18 MR. SCHAR: Objection.

19 THE COURT: The objection is sustained.

20 BY MR. GOLDSTEIN:

21 q Mr. Scofield, you said you took this seriously,  
22 is that correct?

23 A Yes, sir.

24 q When the government asked you if you took it  
25 seriously and you said yes, what did you mean by

1 that?

2 A To me "did you take it seriously" is a  
3 straightforward question. I thought it was  
4 something that was a serious matter.

:06AM

5 q This is a serious matter the discussions you had  
6 with Rod Blagojevich?

7 A Yes, I think that's fair.

8 q Is that correct?

9 A Yes.

:06AM

10 q And during those 10 days in which you spoke  
11 around 20 times, you didn't stop conversations,  
12 correct?

13 A I'm not sure I know what you mean by stop  
14 conversations.

:06AM

15 q You didn't cut off conversations, you didn't say  
16 "I gotta go," did you?

17 A well, I think there were times that I said I had  
18 to go or tried to cut the conversation short --

19 q You continued to call?

:07AM

20 MR. SCHAR: Objection. If he could finish.

21 BY MR. GOLDSTEIN:

22 q I apologize. Please finish your answer.

:07AM

23 A There were certainly times that I tried to cut  
24 conversations short. It's very difficult to do with  
25 him.

1 q And as serious as you took it, you continued to  
2 make appointments between Tom Balanoff and Rod  
3 Blagojevich?

4 A Well, I'm not sure what you mean by "continued."  
5 I helped to make two appointments; they were early  
6 on.

7 q You helped Rod Blagojevich in this trade that you  
8 took seriously.

9 MR. SCHAR: Objection, Judge.

10 THE COURT: Sustained.

11 BY MR. GOLDSTEIN:

12 q Did you help Rod Blagojevich in his efforts?

13 MR. SCHAR: Objection.

14 THE COURT: Sustained.

15 MR. GOLDSTEIN: Nothing further. Thank you,  
16 Your Honor.

17 THE COURT: Further redirect?

18 MR. SCHAR: No.

19 THE COURT: You may step down.

20 (Witness excused.)

21 THE COURT: Next witness?

22 MR. SCHAR: David Keahl.

23 THE COURT: Face me and raise your right  
24 hand.

25 (Witness duly sworn.)



Keahl - direct by Schar

3607

1 THE COURT: Please be seated.

2 DAVID KEAHL, GOVERNMENT WITNESS, SWORN

3 DIRECT EXAMINATION

4 BY MR. SCHAR:

:09AM

5 q Sir, could you please state your name and spell  
6 your name for the record.

7 A David Keahl, that's D-a-v-i-d K-e-a-h-l.

8 q Where are you currently employed?

:09AM

9 A State of Illinois, Office of the Executive  
10 Inspector General.

11 q What is the Office of the Executive Inspector  
12 General?

:09AM

13 A It's an independent state agency whose primary  
14 purpose is to investigate misconduct by the state  
15 employees under its jurisdiction.

16 q How long have you been employed there?

17 A Since October of 2003.

18 q What job do you currently have with the Office of  
19 the Executive Inspector General?

:09AM

20 A I'm the director of ethics training and  
21 compliance.

22 q What are your job responsibilities as director of  
23 Ethics Training and Compliance?

:10AM

24 A I oversee an state mandated ethics training  
25 program for the employees under our jurisdiction.

1 q Do you have any involvement with actually  
2 investigating allegations that are made to the  
3 office --

4 A No.

5 q -- of the Inspector General?

6 A No, I do not.

7 q What type of ethics training -- what are the  
8 requirements of ethics training?

9 A The basic requirements are that state employees  
10 participate in the training on an annual basis and  
11 our office sets the standards for that training.

12 q Who is supposed to take the ethics training?

13 A All state employees under our jurisdiction, as  
14 well as constitutional officers and appointees.

15 q Is this training that came about due to the State  
16 Officials and Employees Ethics Act?

17 A Currently yes, that's true.

18 q Who signed that act?

19 A Governor Blagojevich.

20 q How is the ethics training administered?

21 A Most state employees participate in an Internet  
22 based program. So they log in using their computer  
23 and complete a, roughly, 80 to 100 screen program.

24 q What type of information is typically presented  
25 through the on-line computer training?

Keahl - direct by Schar

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1 A Lessons about ethics related laws, such as the  
2 prohibitions applied to state employees relative to  
3 certain political activities while they're being  
4 paid by the state; prohibitions that prohibit state  
5 employees from accepting certain gifts related to  
6 their official duties; and other things such as  
7 official misconduct and bribery.

8 Q Do you track who is taking the ethics training?

9 A We do.

10 Q How do you do that?

11 A Again, for those employees that take the training  
12 on-line, it's an automated system based on an  
13 individual log-in I.D. and password that was  
14 assigned to the employee. When they complete the  
15 lesson materials on-line, that system automatically  
16 records their participation.

17 Q In relation to the case now on trial, Mr. Keahl,  
18 were you asked to review records to determine  
19 whether Defendant Rod Blagojevich took the ethics  
20 training in each year from 2004 to 2008?

21 A I was.

22 Q What did you determine?

23 A He did.

24 MR. SCHAR: Judge, may I approach?

25 THE COURT: You may.

Keahl - direct by Schar

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1 BY MR. SCHAR:

2 Q Mr. Keahl, I show you what's been marked  
3 Government Exhibit Ethics Training Summary and  
4 Government Exhibit 2004 Ethics Training and ask you  
5 if you recognize those two exhibits?

6 A I do.

7 Q Is one of those charts a summary chart that your  
8 office put together in relation to the yearly ethics  
9 training for Defendant Rod Blagojevich?

10 A It is.

11 Q The other is the ethics training that was  
12 actually given in 2004?

13 A It is.

14 MR. SCHAR: Judge, we move each of those  
15 exhibits into evidence, Government Exhibit 2004  
16 Ethics Training and Government Exhibit Ethics  
17 Training Summary.

18 MR. GOLDSTEIN: We restate our objection.

19 THE COURT: Sure. It's overruled.

20 (Government's Exhibit 2004 Ethics Training  
21 and Government Exhibit Ethics Training  
22 Summary were received in evidence.)

23 MR. SCHAR: Permission to publish Government  
24 Exhibit Ethics Training Summary, Judge.

25 THE COURT: You may.

Keahl - direct by Schar

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1 (Exhibit published to the jury.)

2 BY MR. SCHAR:

3 Q I know it's difficult to read, Mr. Keahl, perhaps  
4 you can just -- I'm just going to ask you some  
5 questions about it.

6 THE COURT: Turn the lights down. Maybe that  
7 will help, maybe it won't.

8 BY MR. SCHAR:

9 Q That's the left-hand portion of the summary chart  
10 which you have, Mr. Keahl, is that fair to say?

11 A Yes, it is.

12 Q And what are the dates on the left side?

13 A The years in which the training was conducted.

14 Q So 2004, 2005, 2006, 2007 and 2008?

15 A That is correct.

16 Q This is a summary chart for whom in terms of  
17 taking the training?

18 A Rod Blagojevich.

19 Q And does that indicate the date on which  
20 Defendant Blagojevich took the ethics training each  
21 year and the amount of time that was spent on the  
22 ethics training for each of those years, the first  
23 being at the top 2004, and 2005, 2006, 2007 and at  
24 the bottom 2008?

25 A That is correct.

Keahl - direct by Schar

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1 MR. SCHAR: Judge, permission to publish  
2 Government Exhibit Ethics Training 2004.

3 THE COURT: Leave is granted.

4 (Exhibit published to the jury.)

5 BY MR. SCHAR:

6 q I believe you have that document in front of you,  
7 Mr. Keahl, but is this the ethics training that was  
8 given to state employees in 2004?

9 A Yes.

10 q Including Defendant Rod Blagojevich?

11 A Yes.

12 q By way of background, is this a printout of the  
13 actual on-line computer training?

14 A It's a printout of the text that would appear on  
15 the on-line program, yes.

16 q So it's a paper document indicating what was  
17 provided on-line to Defendant Blagojevich?

18 A That is correct.

19 q I want to direct your attention now to the table  
20 of context on Page 3.

21 And is this just an overview of the training  
22 that was provided in 2004 to Defendant Blagojevich  
23 through the on-line ethics program?

24 A Yes, it is.

25 q There's a section about accepting gifts and

1 attending events, participating in criminal  
2 activities, there's a section on more laws and  
3 compliance, including, among others, bribery,  
4 official misconduct, and conflicts of interest?

5 A That is correct.

6 q At the bottom of the page --

7 MR. SOROSKY: Your Honor, Your Honor, could  
8 we have a sidebar for one moment?

9 THE COURT: This is the one you want?

10 MR. SOROSKY: This is the one.

11 THE COURT: Sure.

12 (Proceedings heard at sidebar on the  
13 record.)

14 MR. SOROSKY: Judge, it would seem the  
15 defendant's position that even if Blagojevich  
16 violated certain ethics rules under the Skilling  
17 decision now, under the old law perhaps violating  
18 ethics rules can be some proof and some evidence of  
19 deprivation of honest services, but under the new  
20 law now as come down by Skilling, conceivably one  
21 could violate certain ethics rules and it may not be  
22 a violation of bribery. So I don't know what  
23 purpose any of this has.

24 THE COURT: well, you have two choices here:  
25 Number one, I can tell the jury what may be a

1 violation of state regulations, it's not necessarily  
2 a violation of federal law, which is what I intended  
3 to do.

4           In the alternative, we can take the jury out,  
5 we can have them revise the exhibits that only shows  
6 training with respect to bribery and kickbacks,  
7 which maybe is not the best thing for your client.  
8 It's better to tell them it's a general ethics  
9 training and tell them not all breaches of ethics  
10 are necessarily violations of law.

11           MR. SCHAR: And, Judge, let me just add, the  
12 proof is not trying to coincide with the elements of  
13 the ultimate instructions. Obviously, you're going  
14 to deal with it and we're all going to abide by the  
15 skilling decision. But clearly, abundantly clearly,  
16 one of the defenses here is that somehow I didn't  
17 know what I was doing was wrong, I had all these  
18 really smart people around me, and how was I  
19 supposed to figure out that trading X for Y in terms  
20 of getting personal benefit would have been improper  
21 to do.

22           In fact, this training demonstrates in 2004  
23 he was instructed that you can't do largely what he  
24 was doing and that you can't put family and other  
25 things ahead of the State of Illinois.



1           So, generally, the relevant time surges, but  
2 it's more relevant to rebutting what's clearly been  
3 a defense that's been presented which is somehow he  
4 was adrift without knowing exactly what it is that  
5 was wrong.

6           MR. SOROSKY: well, first we take the  
7 position that this is completely inadmissible  
8 because what the government is attempting to do is  
9 to show the jury that there's a certain ethical  
10 standard, that the defendant violated that ethical  
11 standard, and so therefore he must be guilty of  
12 something.

13           The defendant is only guilty of something if  
14 he violates this criminal statute, He's not guilty  
15 of something if he violates the ethical standard.  
16 And, therefore, this is highly prejudicial and the  
17 prejudice is so great it outweighs any probative  
18 value.

19           And perhaps, perhaps, this may have been  
20 admissible under the old honest services law, but it  
21 is absolutely, I believe, inadmissible under the new  
22 interpretation of honest services under the Skilling  
23 decision because under that decision honest services  
24 becomes the bribery and one could conceivably  
25 violate all sorts of ethics rules and also not

1 commit bribery.

2           On the other hand, I would certainly  
3 acknowledge if you commit bribery you also violate  
4 ethics rules, but it is highly prejudicial to show  
5 that he violated ethics rules because the jury is  
6 going to think well, if he violated ethics rules,  
7 he's obviously guilty. And there isn't any  
8 instruction Your Honor can give, no matter how sage  
9 and wise that instruction may be, which would remove  
10 that taint from the jury's mind that he violated the  
11 ethics rules. It is almost like saying he violated  
12 another law and so therefore he's guilty of the  
13 charge he's on trial for.

14           THE COURT: I heard the opening statement,  
15 once I heard the opening statement the validity of  
16 that objection--which I don't accept because I  
17 believe the jury will follow instructions--once that  
18 opening statement is made, once the tenor of the  
19 questions asked has been revealed to this jury, it  
20 is quite clear that this is admissible because it's  
21 quite clear his theme is he didn't know what he was  
22 doing, that he was misled, and this is something  
23 that a jury might be able to say is informative on  
24 what he did know and whether he was capable of being  
25 misled by his various, according to the opening

1 statements, ill-chosen assistants.

2 The objection is overruled.

3 MR. SOROSKY: One last question.

4 Now, for the record, of course, we object.

5 THE COURT: Yeah.

6 MR. SOROSKY: Now, what are our two choices  
7 after this?

8 THE COURT: Well, what you can do is you can  
9 have them excise everything that deals with general  
10 stuff not related to bribery and kickbacks, but the  
11 difficulty with that from your point of view is is  
12 it looks like he received specific training dealing  
13 only with bribery and kickbacks which makes it much  
14 worse for you.

15 MR. SOROSKY: I understand.

16 And then when would Your Honor give your  
17 cautionary instruction? Right after this witness  
18 testifies?

19 THE COURT: Probably right after the witness  
20 testifies, depending on the nature of the cross  
21 because you're going to have to have a decision as  
22 to whether you cross at all.

23 MR. SOROSKY: Correct.

24 THE COURT: But it'll be right away. I will  
25 not be waiting until the end.

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1 MR. SOROSKY: Thank you.

2 (Proceedings resumed within the hearing of  
3 the jury.)

4 MR. SCHAR: May I proceed, Judge?

5 THE COURT: You may proceed.

6 MR. SCHAR: Thank you.

7 BY MR. SCHAR:

8 Q Mr. Keahl, at the bottom of the page there is a  
9 date stamp that indicates July 27th, 2006. Could  
10 you just explain why the date is off from 2004?

11 A That's simply the date on which this copy of the  
12 training was downloaded from the training system.

13 Q And it is just put on the date stamp from that  
14 particular date?

15 A That is correct.

16 Q But it is a 2004 training?

17 A It is, in fact.

18 Q Let's just direct your attention now to Page 4.

19 Can you just read the introduction to this  
20 training for us.

21 A (Reading:)

22 "... Dear State Employee, you and I carry a  
23 vital responsibility, protecting the  
24 public trust. To earn that trust, we must  
25 live up to the highest possible ethical

1 standards in everything we do. To teach  
2 you the rules and give you the tools you  
3 need, my office, working with the Office  
4 of the Executive Inspector General, has  
5 created the Ethics Training Program. I am  
6 taking this training and it is mandatory  
7 for all state employees."

8 q Move on to the next page. If you could move the  
9 microphone a little closer to you. We could hear  
10 you a little better. Thank you.

11 For the record, Page 5 of the training. Go  
12 ahead, Mr. Keahl, if you could read this to us.

13 A (Reading:)

14 "... when I became Governor of this great  
15 state, one of my most urgent goals was to  
16 return honor to public service and restore  
17 citizens' trust in their government. In  
18 2003 we passed the strongest and most  
19 thorough ethics legislation in the history  
20 of Illinois. With this training, you and  
21 I have another opportunity to build our  
22 knowledge of our ethical responsibilities.  
23 Thank you for your service to the people  
24 of Illinois. Sincerely, Governor Rod R.  
25 Blagojevich."

1 q I'd like to direct your attention now to Page 8.  
2 If you could read that.

3 A (Reading:)

4 "... never forget that, as a state worker,  
5 you have the public's trust. To keep that  
6 trust, you must follow our state's ethics  
7 rules. By following the rules, you are  
8 also following the law. If you break  
9 these rules, you will pay a price. You  
10 can lose your job and you can go to jail."

11 q Directing your attention now to Page 10.

12 Please read that, Mr. Keahl.

13 A (Reading:)

14 "... I'm already an ethical person, why do  
15 I need to take this training?  
16 Because the old way of doing things isn't  
17 good enough. Just because something has  
18 been done in the past doesn't mean that it  
19 is right. This training tells you what we  
20 expect of you now and going forward."

21 q I'd like to move ahead now to Page 62, a section  
22 that deals with more laws and compliance.

23 Mr. Keahl, if you could just read for us the  
24 sections that's addressed as part of this on-line  
25 ethics training.

1 A (Reading:)

2 "... in this lesson you will learn about  
3 bribery, solicitation misconduct, official  
4 misconduct and penalties for it, conflicts  
5 of interest, how our ethics compliance  
6 program works."

7 Q I'd like to move ahead now to Page 66.

8 Go ahead and read that for us, Mr. Keahl.

9 A (Reading)

10 "... bribery: For example, you could lose  
11 your job for failing to report a case of  
12 bribery. Bribery is when a state official  
13 or employee asks for or accepts something  
14 of value, like money or free roofing  
15 services, in exchange for taking or not  
16 taking (Or convincing someone else to take  
17 or not take) an official action. For  
18 example, a state trooper who takes money  
19 in exchange for not giving a speeding  
20 ticket is accepting a bribe. Bribery is a  
21 Class II felony. If you take a bribe, you  
22 could go to jail. You could also get in  
23 trouble for failing to report a bribe,  
24 since this is also a crime."

25 Q Page 68, the next page, Mr. Keahl.

1           Is this one of the true and false questions  
2 that you had previously testified were  
3 periodically in this training?

4 A Yes, it is, one of those questions.

5 Q Could you read Page 68 for us.

6 A (Reading).

7       "Bribery: Anita is an inspector with the  
8 state agency that licenses businesses to  
9 sell liquor. During an inspection of  
10 Rosy's Pub, she finds numerous violations:  
11 Unsanitary beer taps, not posting a state  
12 liquor license, and more. Mark, the  
13 manger of Rosy's, tells her she'll have an  
14 unlimited bar tab there for as long as she  
15 likes if she can make the citations for  
16 those violations disappear. The manger  
17 didn't offer her cash, so this can't be  
18 bribery: True or false?"

19 Q The next page, Page 69, Mr. Keahl.

20 A (Reading:)

21       "Correct answer: False. Bribery is when a  
22 state official or employee accepts  
23 something of value for a personal  
24 advantage, such as an unlimited free bar  
25 drink, in exchange for taking some



1 official action. Bribery doesn't have to  
2 involve cash. Mark is committing bribery  
3 just by making this offer. Anita will  
4 also be committing bribery if she accepts  
5 it."

6 q I want to move ahead now to Page 76.

7 If you could read this section for us, Mr.  
8 Keah1.

9 A (Reading:)

10 "Official misconduct and penlites: It is  
11 also official misconduct to do something  
12 you're not authorized to do to benefit  
13 yourself. For example, if you let a car  
14 dealer know you work for the Governor's  
15 office in order to get a better deal. Ask  
16 for or accept money, or something else of  
17 value in exchange for doing a favor."

18 q Moving ahead to Page 77.

19 Read the section on conflicts of interest,  
20 Mr. Keah1.

21 A (Reading:)

22 "Conflicts of interest: Finally, you need  
23 to avoid conflicts of interest. A  
24 conflict of interest is when your own  
25 interests conflict with the interests of

1 the state. A conflict of interest could  
2 lead you to put your own interests before  
3 your duties to the state, or at least make  
4 it look that way to the public. Think of  
5 Lola whose brother, Daniel, is a partner  
6 in a construction firm that's up for a  
7 state contract. Lola works for the agency  
8 that will award the contract. She has a  
9 conflict of interest. If the state  
10 chooses Lola's brother's firm, even if  
11 it's because it's the best firm for the  
12 job, it could look like Lola did them a  
13 special favor. Lola should report her  
14 conflict of interest to her agency's  
15 ethics officer or to the office of the  
16 Executive Inspector General who can help  
17 her decide what to do."

18 q Moving ahead to Page 81 -- I'm sorry, 78. Sorry  
19 Mr. Keahl, 78. If you would read that.

20 A (Reading:)

21 "Top 10, number 9: If you even think you  
22 have a conflict of interest, report it. A  
23 conflict of interest is any situation  
24 where it could look like you put your own  
25 personal interest before your obligation

1 to the state. If you're not sure whether  
2 a situation involves a conflict of  
3 interest, ask your agency's ethics  
4 officer."

5 Q Page 81 now, at the bottom portion.

6 Beginning with the sentence "you need,"  
7 Mr. Keahl, if you could.

8 A (Reading:)

9 "You need to be careful about actual  
10 conflicts of interest and apparent ones.  
11 If people think you're in a position to  
12 put your own or your family's interests  
13 ahead of the state's, that's bad enough.  
14 If you have an actual or potential  
15 conflict of interest, contact your  
16 agency's ethics officer or the Office of  
17 Executive Inspector General for guidance  
18 on what to do.

19 Q Finally, Page 82, if you could read that for us,  
20 sir.

21 A (Reading:)

22 "The State of Illinois Ethics Program: As  
23 you've learned in this course, reporting  
24 ethical and legal violations is your  
25 responsibility. We have the public's

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1 trust. We must earn it again and again by  
2 being ethical, by following the law, and  
3 by reporting it when others don't. Report  
4 any violation you become aware of to your  
5 agency's ethics officer or to the office  
6 of executive Inspector General. You can  
7 reach the office of the Executive  
8 Inspector General by calling its hot line  
9 number (866) 814-1113.

10 q Mr. Keahl, while the training in each year change  
11 from time to time, is the concept effectively the  
12 same?

13 A The general concepts, yes.

14 MR. SCHAR: I have nothing else, Judge.

15 CROSS EXAMINATION

16 BY MR. S. ADAM, JR.:

17 q Good morning, sir.

18 A Good morning.

19 q I just have a few questions for you.

20 How long have you been doing this training or  
21 been the head of this training?

22 A I've been involved in it since 2003.

23 q Now, you have told us that since 2003 all state  
24 employees for the State of Illinois must take this  
25 training, is that correct?

1 A I believe what I said was all state employees  
2 under our office's jurisdiction.

3 q And can you tell us what your jurisdiction is?

4 A It applies to executive branch employees that  
5 fall under the Governor's Office and Lieutenant  
6 Governor's Office and state public universities.

7 q We've heard a little bit today about the ethics  
8 officer for a particular branch or part of the  
9 executive branch. Who is the state's ethics officer  
10 for the Office of the Governor?

11 A Currently it's a member of the Governor's legal  
12 staff.

13 q Back in 2003, 2004, 2005, 2006, do you know who  
14 that ethics officer was?

15 A To the best of my recollection it was also a  
16 member of the Governor's legal staff.

17 q And when you say legal staff, would that be the  
18 general counsel to the Governor?

19 A Yes.

20 q In 2005 the legal counsel for the Governor was a  
21 person by the name of Bill Quinlan, is that correct?

22 A To the best of my recollection.

23 q And 2006, as well, is that right?

24 A To the best of my recollection.

25 q And I won't belabor it, 2007 and '8, is that

1 fair?

2 A Again, to the best of my recollection, yeah.

3 q And Bill Quinlan was a lawyer. Of course, he  
4 would be general counsel, is that fair?

5 A I believe that to be the case.

6 q One of the things that you just brought out today  
7 was that if you had any questions regarding whether  
8 something is ethical or not, you go and ask  
9 questions of that ethics officer; true?

10 A Yes, we encourage employees to do that.

11 q That's the whole point to the training is, that  
12 you don't want crimes to take place at all, correct?

13 A That is correct.

14 q And that if you have any questions, you should go  
15 to either a supervisor, is that fair?

16 A I think that's probably good advice. I would  
17 think an ethics officer might be better.

18 q Or the ethics officer, is that right?

19 A That's correct.

20 q As you just said, the best person to go to for  
21 advice on whether something was right or wrong, if  
22 you didn't know, would be Bill Quinlan, correct?

23 MR. SCHAR: Objection, Judge.

24 THE COURT: The objection is sustained.

25 BY MR. S. ADAM, JR.:

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1 q well, you have shown us a package here today.  
2 The very last question on this packet is question  
3 10, is that true?

4 A Let me look at the packet.

5 (Brief pause).

6 BY THE WITNESS:

7 A Yes.

8 MR. S. ADAM, JR.: May I publish that to the  
9 jury, Your Honor?

10 THE COURT: Sure.

11 MR. S. ADAM, JR.: Thank you.

12 (Exhibit published to the jury.)

13 THE COURT: You want the lights dimmed?

14 MR. S. ADAM, JR.: It won't be that long.

15 BY MR. S. ADAM, JR.:

16 q Question 10, the last question asks:

17 "who can you contact with questions about  
18 ethics or state law or to report a  
19 possible violation?"

20 Correct? That is the correct?

21 A That is correct.

22 q (Reading:)

23 "A, your supervisor. B, your agency's  
24 ethics officer. C, the Office of the  
25 Executive Inspector General. D, all of

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1 the above."

2 Correct?

3 A Correct.

4 Q And the answer there is D, is that right?

5 A That is correct.

6 Q Report it to all of them if you have any  
7 questions, true?

8 A That is correct.

9 Q Now, the Governor of the State of Illinois, who  
10 is his supervisor?

11 MR. SCHAR: Objection.

12 THE COURT: The objection is sustained.

13 BY MR. S. ADAM, JR.:

14 Q Well, the Governor of the State of Illinois, as  
15 you have told us, his agency's ethics officer is  
16 Bill Quinlan, true?

17 MR. SCHAR: Objection.

18 THE COURT: You know, it's a little  
19 repetitive.

20 MR. S. ADAM, JR.: Yes, Your Honor. Yes,  
21 Your Honor. Yes, Your Honor.

22 BY MR. S. ADAM, JR.:

23 Q At any time that you know of, Bill -- or the  
24 office of the General Counsel to the Governor, they  
25 were required to take these tests as well, correct?



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1 A That is correct.

2 q And you know Bill Quinlan took these tests as  
3 well, don't you?

4 A I believe he did.

5 q And he passed them, isn't that correct, sir?

6 MR. SCHAR: Objection.

7 THE COURT: The objection is sustained.

8 MR. S. ADAM, JR.: May I have one moment?

9 THE COURT: Sure.

10 (Brief pause).

11 BY MR. S. ADAM, JR.:

12 q I got my marching orders.

13 You've been doing this since 2003 up to the  
14 present day, correct?

15 A That is correct.

16 q One of the things that I believe you've told us  
17 on your direct examination was, that if someone sees  
18 or knows about a crime taking place, such as  
19 bribery, they must report it, is that fair?

20 A That is correct.

21 q And if someone were to report it, would you know  
22 whether something was reported or not, in your job?

23 A I would not.

24 q You would not.

25 who would know that? where would someone get

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1 that information?

2 MR. SCHAR: Objection.

3 THE COURT: The objection is sustained.

4 BY MR. S. ADAM, JR.:

:40AM

5 q Can you tell us where the reporting must be made?

6 MR. SCHAR: Objection.

7 THE COURT: The objection is sustained.

8 You're way outside the scope.

9 MR. S. ADAM, JR.: Yes, Your Honor. Yes,

:41AM

10 Your Honor.

11 I've nothing further.

12 THE COURT: Any redirect?

13 MR. SCHAR: No redirect.

14 THE COURT: You may step down.

:41AM

15 (Witness excused.)

16 MR. SCHAR: Judge, the government recalls

17 Agent Shari Schindler.

18 MR. SOROSKY: Your Honor, are you going to

19 give the instruction?

:41AM

20 THE COURT: Yeah.

21 (Brief pause).

22 THE COURT: Do you understand you're still

23 under oath?

24 THE WITNESS: I do.

:41AM

25 THE COURT: If we would pause for a moment.

1 Members of the jury, you've just heard a  
2 witness testify about ethics training for the State  
3 of Illinois. During the course of that, he talked  
4 about and gave you examples of questions regarding  
5 bribery, conflict of interests, and similar things.

6 You should understand that under Illinois  
7 law, a regulation, even a statute, covering subjects  
8 like this are not necessarily the same as the  
9 federal law.

10 In my instructions at the end of the case I  
11 am going to define to you what is unlawful under  
12 federal criminal law and those definitions are the  
13 ones that count in this case. The definitions and  
14 examples given in the testimony you've just heard  
15 are not necessarily the standards you will apply  
16 when reaching your verdict and you should not treat  
17 them as binding statements of federal law applicable  
18 here.

19 With that instruction, you may proceed.

20 MR. SCHAR: Thank you, Judge.

21 Judge, we have a number of documents that  
22 we'd like to put into evidence in relation to  
23 Ms. Schindler. They're all certified, but for the  
24 record I do need to describe the Government  
25 Exhibits, if I may have permission to do that now.

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1 THE COURT: You may.

2 MR. SCHAR: Government Exhibit \$12,000

3 checks, Government Exhibit 12/17/02 check,

4 Government Exhibit 8/27/02 check, Government

5 Exhibit 12/17/02 wire, Government Exhibit 2002

6 Blagojevich Tax Return, Government Exhibit 2003

7 Blagojevich Tax Return, Government Exhibit 2004

8 Blagojevich Tax Return, Government Exhibit 2005

9 Blagojevich Tax Return, Government Exhibit 2006

10 Blagojevich Tax Return, Government Exhibit 2007

11 Blagojevich Tax Return, Government Exhibit 2008

12 Blagojevich Tax Return, Government Exhibit 2002

13 Blagojevich IRS Transcript, Government Exhibit 2003

14 River Realty Tax Return, Government Exhibit 2004

15 River Realty Tax Return, Government Exhibit 1/21/04

16 Check, Government Exhibit 1/22/04 Check, Government

17 Exhibit 1/23/04 Check, Government Exhibit American

18 Express 22006 Subgroup, Government Exhibit American

19 Express 61009 Subgroup, Government Exhibit American

20 Express 85000/86008 Subgroup, Government Exhibit

21 American Express 22006 Group, Government Exhibit

22 American Express 61009 Group, Government Exhibit

23 American Express 73006/74004 Group, and finally

24 American Express 8500/86008 Group.

25 We move all those into evidence, Judge.

1 THE COURT: Admitted.  
2 (Government Exhibit \$12,000 checks,  
3 Government Exhibit 12/17/02 check,  
4 Government Exhibit 8/27/02 check,  
5 Government Exhibit 12/17/02 wire,  
6 Government Exhibit 2002 Blagojevich Tax  
7 Return, Government Exhibit 2003  
8 Blagojevich Tax Return, Government  
9 Exhibit 2004 Blagojevich Tax Return,  
10 Government Exhibit 2005 Blagojevich Tax  
11 Return, Government Exhibit 2006  
12 Blagojevich Tax Return, Government Exhibit  
13 2007 Blagojevich Tax Return, Government  
14 Exhibit 2008 Blagojevich Tax Return,  
15 Government Exhibit 2002 Blagojevich IRS  
16 Transcript, Government Exhibit 2003 River  
17 Realty Tax Return, Government Exhibit 2004  
18 River Realty Tax Return, Government  
19 Exhibit 1/21/04 Check, Government  
20 Exhibit 1/22/04 Check, Government  
21 Exhibit 1/23/04 Check, Government Exhibit  
22 American Express 22006 Subgroup,  
23 Government Exhibit American Express 61009  
24 Subgroup, Government Exhibit American  
25 Express 85000/86008 Subgroup, Government

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1 Exhibit American Express 22006 Group,  
2 Government Exhibit American Express 61009  
3 Group, Government Exhibit American Express  
4 73006/74004 Group, and finally American  
5 Express 8500/86008 Group were received in  
6 evidence.)

7 SHARI SCHINDLER, GOVERNMENT WITNESS,  
8 PREVIOUSLY SWORN  
9 DIRECT EXAMINATION

10 BY MR. SCHAR:

11 q Agent Schindler, can you just remind us of what  
12 position you hold.

13 A I'm a revenue agent with the International Revenue  
14 Service.

15 q Briefly, what are your duties as a revenue agent?

16 A A revenue agent's duties are to look at tax  
17 returns, examine tax returns of the taxpayer's books  
18 and records and determine if the tax is correct.

19 q And in that role are you familiar with many of  
20 the financial documents obtained in relation to this  
21 case?

22 A I am.

23 q You previously testified about several charts.

24 In relation to the case currently on trial,  
25 were you asked to produce additional charts, as

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1 well?

2 A Yes.

3 MR. SCHAR: Judge, may I approach?

4 THE COURT: You may.

5 BY MR. SCHAR:

6 q I'm going to show you, Agent Schindler, what is  
7 marked as Government Exhibit Chart 4, Government  
8 Exhibit Chart 5, Government Exhibit Chart 6,  
9 Government Exhibit Chart 7, Government Exhibit Chart  
10 8, Government Exhibit Chart 9, Government Exhibit  
11 Chart 10, Government Exhibit Chart 11, Government  
12 Exhibit Chart 12 and Government Exhibit Chart 13 and  
13 ask you if you are familiar with those exhibits?

14 A I am. I prepared these.

15 q And do they, Agent Schindler, fairly and  
16 accurately summarize certain records that were  
17 obtained as part of the investigation?

18 A Yes.

19 MR. SCHAR: Judge, we move each of the  
20 exhibits, Government Exhibit Chart 4 through and  
21 including Chart 13 into evidence.

22 THE COURT: Admitted.

23 (Government Exhibit Chart 4, Government  
24 Exhibit Chart 5, Government Exhibit Chart  
25 6, Government Exhibit Chart 7, Government

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1 Exhibit Chart 8, Government Exhibit Chart  
2 9, Government Exhibit Chart 10, Government  
3 Exhibit Chart 11, Government Exhibit Chart  
4 12 and Government Exhibit Chart 13 were  
5 received in evidence.)

: 47AM

6 MR. SCHAR: Judge, move to publish Chart 4.  
7 We do have chart binders which given what happened  
8 last time in terms of it might be a little easier if  
9 we could provide those to the jurors.

: 47AM

10 THE COURT: Put a chart up, any chart. Let  
11 me see it.

12 (Brief pause).

13 THE COURT: Okay, binders.

: 47AM

14 MR. SCHAR: Judge, with your permission, I  
15 will provide them to the marshal.

16 THE COURT: Yeah.

17 (Brief pause).

18 BY MR. SCHAR:

: 49AM

19 q Directing your attention, Agent Schindler, to  
20 Chart 4 which is in the binders as well.

21 If you could tell us, what is the title of  
22 this Chart 4?

23 A "Summary of Income Rod and Patricia Blagojevich  
24 2002 to 2008."

: 49AM

25 q What is Chart 4?



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1 A This is a chart that summarizes their salaries  
2 and other income that they earned during the years  
3 2002 through 2008.

4 q what is the underlying basis for the chart that  
5 you produced, Chart 4?

6 A The tax returns and w-2's.

7 q what is a w-2?

8 A A w-2 is a form that an employer gives to an  
9 employee to tell them how much they earned during  
10 the year.

11 q In terms of Defendant Rod Blagojevich's salary,  
12 what was that salary from?

13 A well, in the early years, I think 2002 and '03,  
14 it was from the House of Representatives and then it  
15 turned into the State of Illinois.

16 q And in terms of Patricia Blagojevich's salary,  
17 what was that derived from?

18 A That was derived from River Realty, her  
19 corporation, and an appraisal company.

20 q what about in 2008?

21 A 2008 it was from the Christian Industrial League.

22 q Below the salaries themselves is a line for other  
23 income. what is indicated by "other income"?

24 A Other income would be any other income that is  
25 reported on tax return, net. So it would be any

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1 rental income, capital gains, capital losses,  
2 investment income, interest, dividends, that type of  
3 thing.

4 q When you say "rental income" is it net rental  
5 income?

6 A Yes, it would be net. So on your tax return you  
7 show your rental income and then you offset it with  
8 your expenses, and so this would be the net of those  
9 two.

10 q What about flow through profit from River Realty,  
11 could you explain what that is?

12 A River Realty is Patricia Blagojevich's  
13 corporation and it's called an S corporation. It's  
14 a regular corporation, it's just a fancy tax term.

15 And the corporation itself doesn't pay tax, the  
16 person who is the shareholder ends up paying tax on  
17 any of the profits. So you have to put the profits  
18 on your tax return, which she did.

19 q Could you just go through each of years what the  
20 total income was.

21 A In 2002 it was \$310,091. 2003, \$243,468. 2004,  
22 \$392,392. 2005, \$304,249. 2006, \$284,819. 2007,  
23 \$238,920. 2008, \$226,795.

24 q Is it fair to say it peaked in 2004?

25 A Yes.

1 q And I direct your attention to Government Exhibit  
2 Chart 5, also in the binders.

3 what's the title of this chart?

4 A Rod and Patricia Blagojevich salaries for tax  
5 returns 2002 through 2008.

6 q You say "salaries," what is not included in this  
7 particular chart?

8 A well, the only thing included in this chart is  
9 the salaries that they earned, the total amount of  
10 money that they earned from employment. So all of  
11 the other income is not included here.

12 q That would flow through, interest, dividend, net  
13 rental would not be included in this?

14 A Right.

15 q would you just explain to us what we're looking  
16 at?

17 A well, the red line is a graph showing the amount  
18 of Mr. Blagojevich's salary from 2002 through 2008,  
19 and the blue line would be Patricia's income.

20 q And on the left-hand side, the vertical column,  
21 is the amount of money and the bottom is the yearly  
22 salary?

23 A Right.

24 q Again, to indicate that the chart peaks in 2004  
25 and declines thereafter?

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1 A Yes, for Patricia.

2 q Move on to Chart 6, Government Exhibit Chart 6  
3 which is also in the binders.

4 what is the title of this chart?

:54AM

5 A Total income Rod and Patricia Blagojevich 2002  
6 through 2008.

7 q Left side is the total amount of money through  
8 income and the bottom is the yearly amount?

9 A Correct.

:54AM

10 q Again, what does the chart indicate, Agent  
11 Schindler?

12 A This shows total income and it shows that it  
13 peaks in 2004 and then starts moving downward.

:54AM

14 q Now, I'm going to refer you back to Chart 2 which  
15 I think you testified about the first time that you  
16 testified.

17 MR. SCHAR: May I approach, Judge?

18 BY MR. SCHAR:

:55AM

19 q I show you what's been marked Government Exhibit  
20 Chart 2.

21 A Thank you.

22 q Just for reference, can you note the date that  
23 the \$600,000 went from Robert Kjellander,  
24 Springfield Consulting to Joe Aramanda?

:55AM

25 A October 2nd, 2003.

Schindler - direct by Schar

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1 q I want to move on now to Chart 7 in the binder.

2 what is the title of Chart 7?

3 A Rezko Entities Checks to River Realty

4 January 1st, 2001 to December 9th, 2008.

:55AM

5 q what did you review in order to produce this  
6 chart?

7 A I reviewed bank records of River Realty.

8 q what do the charts show?

:56AM

9 A It shows all the checks that River Realty  
10 received from any entity controlled by Mr. Rezko.

11 q And there is one check on December 17th, 2002,  
12 what is the next check after that?

13 A August 27th, 2003.

14 q For how much?

:56AM

15 A 14,369.50.

16 q where is it from?

17 A It's from 850 North Ogden, LLC.

18 q who is affiliated with 850 Ogden, LLC?

19 A Tony Rezko.

:56AM

20 q Do a series of 12-thousand-dollar payments start  
21 on October 3rd, 2003?

22 A Yes.

23 q And can you just walk us through how many  
24 12-thousand-dollar payments there are?

:57AM

25 A There are eight 12-thousand-dollar payments from

Schindler - direct by Schar

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1 October 2003 until May 3rd, 2004.

2 Q When is the last payment?

3 A May 3rd, 2004.

4 Q Did you find any other payments after May 3rd,  
5 2004?

6 A No.

7 Q There is a 40-thousand-dollar payment on  
8 January 22nd, 2004, was that an additional check  
9 from Rezmar?

10 A Yes.

11 Q On the same day that the December 17th, 2002  
12 check from Rezmar, was there another wire into the  
13 account of River Realty?

14 A Yes, there was.

15 MR. SCHAR: May I approach, Judge?

16 THE COURT: You may.

17 BY MR. SCHAR:

18 Q I show you what is marked and now in evidence  
19 Government Exhibit 12/17/02 wire, ask you if you  
20 recognize that, Agent Schindler?

21 A Yes, I do. This is a wire into River Realty's  
22 bank account.

23 MR. SCHAR: Permission to publish, Judge?

24 THE COURT: You may.

25 (Exhibit published to the jury.)

Schindler - direct by Schar

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1 BY MR. SCHAR:

2 Q What's the date of the wire on the left-hand  
3 side, Agent Schindler?

4 A It's December 17th, 2002.

5 Q Who is the wire from?

6 A It is from Chicago Title and Trust Company.

7 Q To which beneficiary?

8 A To River Realty, Inc.

9 Q For how much?

10 A 47,556.80.

11 Q Do you understand this wire is from a closing  
12 from a particular piece of property?

13 A Yes; it's commission.

14 Q Who provided this check to River Realty on the  
15 day of the closing?

16 A This wire?

17 Q Sorry; the money.

18 A Oh, this was from Chicago Title so this was from  
19 a closing. This would have been the seller's  
20 portion of the commission.

21 Q So it's a check from the seller, it appears, from  
22 a piece of property to Patricia's Blagojevich  
23 company, 8River Realty?

24 A Right.

25 Q Who was the buyer of that particular piece of

Schindler - direct by Schar

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1 property?

2 A It was Tony Rezko.

3 q Is that what occasioned the 79-thousand-dollar  
4 check --

5 A Yes.

6 q -- that we saw previously on your chart?

7 A Right.

8 q So on December 17th there was money that came in  
9 both from the seller and the buyer of that  
10 particular piece of property?

11 A That's correct.

12 MR. SCHAR: May I approach again, Judge?

13 THE COURT: You may.

14 BY MR. SCHAR:

15 q I show you, Agent Schindler, what is now in  
16 evidence Government Exhibit 2004 Blagojevich Tax  
17 Return, 2003 River Realty Tax Return, and 2004 River  
18 Realty Tax Return.

19 what are those?

20 A These are certified copies of tax returns that  
21 were filed with the IRS.

22 MR. SCHAR: Judge, permission to publish  
23 those exhibits?

24 THE COURT: You may.

25 (Exhibit published to the jury.)



Schindler - direct by Schar

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1 BY MR. SCHAR:

2 q Show you first what's marked Government  
3 Exhibit 2004 Blagojevich Tax Return.

4 Is that the official certification of the  
5 Internal Revenue Service of that tax return?

6 A Yes.

7 q Moving now to the first page of the tax return,  
8 the top portion, who is it a tax return for?

9 A Rod and Patricia Blagojevich for 2004.

10 q And a little bit further down in the income  
11 section, what's the total income for 2004 year on  
12 this tax return?

13 A 375,063.

14 q Moving to the next page, is the tax return  
15 signed?

16 A Yes, it's signed by Rod and Patricia Blagojevich.

17 q Moving ahead now to the w-2 information.

18 Again, Agent, can you explain to us what a  
19 w-2 is.

20 A A w-2 is a form that is required for an employer,  
21 the person you work for, to summarize the wages that  
22 you earned during the year, the taxes that were  
23 withheld, and any other withholdings.

24 q The first w-2 to Patricia Blagojevich from a  
25 company called Appraisal Research?

Schindler - direct by Schar

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1 A Yes.

2 q For \$15,000?

3 A Right.

4 q The next W-2 for Defendant Rod Blagojevich for  
5 the State of Illinois?

6 A Yes.

7 q His salary?

8 A Right.

9 q And the last W-2 salary was 147,950.

10 A Yes.

11 q The next W-2 is from River Realty, Patricia's  
12 company to Patricia Blagojevich?

13 A Yes.

14 q For \$160,000?

15 A Right.

16 q In your review of this tax return, is there any  
17 indication that any of the money she received was  
18 affiliated in any way to Tony Rezko?

19 A No.

20 q In any tax return that you reviewed from 2002 to  
21 2008, is there any indication just by looking at the  
22 tax return of an affiliation with Tony Rezko?

23 A No.

24 q Did you review the 2004 and 2003 River Realty tax  
25 returns where the Rezko checks were going?

Schindler - direct by Schar

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1 A Yes, I did.

2 q And in the 2004 tax return, Government Exhibit  
3 2004 River Realty Tax Return, again that's the cover  
4 page of an official certification from the Internal  
5 Revenue Service for the 2004 River Realty Tax  
6 Return?

7 A Right.

8 q The tax return for River Realty, the address is  
9 2934 West Sunnyside?

10 A Yes.

11 q How much money is recorded as earnings for River  
12 Realty in 2004?

13 A The gross receipts are \$343,419.

14 q On a corporate tax return like this -- let me ask  
15 a different question first.

16 Is there any indication from looking at this  
17 tax return that any of the money that went into  
18 River Realty was in any affiliated with Tony Rezko?

19 A No.

20 MR. GOLDSTEIN: Objection; leading.

21 THE COURT: Overruled.

22 BY MR. SCHAR:

23 q How about in the 2003 tax return?

24 A There is no indication of --

25 q And --

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1           Sorry.

2   A   There's no indication of money from Mr. Rezko.

3   Q   In any River Realty tax return is there any  
4   indication of money from Mr. Rezko?

5   A   No.

6   Q   To your understanding, do corporations like this  
7   actually have to report where they got their money  
8   from?

9   A   Yeah, they have to report the money, they don't  
10   have to say who it's from.

11   Q   And in this case, there is no indication of where  
12   it was from?

13   A   Right.

14   Q   I want to move ahead now, if I may, Agent  
15   Schindler, to Chart 8.

16           Government Exhibit Chart 8 is in the binder.  
17   Are you with me, Agent Schindler?

18   A   Yes, I am.

19   Q   What is the title of this chart?

20   A   Money flow, Lake Aberdeen.

21   Q   What is it?

22   A   It is a chart that shows the flow of money for  
23   one transaction for commission that was earned by  
24   River Realty coming through Rezko, Rezmar Realty.

25   Q   Can you walk us through the flow of this chart,

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1 what information you provided on this.

2 A well, you want me just to take you through it?

3 q If you could, please.

4 A Okay. The upper left-hand box, Chicago Title  
5 Rezmar Realty, on January 21st, 2004.

6 This is a Chicago Title check or wire, I'm  
7 not sure which one, I think it's a check, for  
8 \$40,000 to Rezmar Realty for a commission on the  
9 Lake Aberdeen deal.

10 On the next day, January 22nd, 2004, Rezmar  
11 Corporation wrote a check to River Realty for  
12 \$40,000.

13 That check was deposited into River Realty  
14 and the bank account balance in River Realty, after  
15 it was deposited, was 106,588.12.

16 Right after it was deposited on January 23rd,  
17 2004, River Realty wrote a check to Patricia  
18 Blagojevich for \$40,000 which was then deposited  
19 into Patricia and Rod's personal bank account.

20 q Prior to the deposit of that 40-thousand-dollar  
21 check into the personal bank account of Defendant  
22 Blagojevich, how much money was in that personal  
23 bank account?

24 A 8,414.97.

25 q The day after the \$40,000 was deposited in the

1 personal bank account, was a series of checks  
2 written?

3 A Yes.

4 Q That is what is indicated on the bottom right  
5 part of the chart?

6 A Correct. That shows the date of the checks, the  
7 sequentially numbered check numbers, the amounts,  
8 and who they are made payable to.

9 Q How much is the total?

10 A \$38,010.

11 MR. SCHAR: Judge, may I approach?

12 THE COURT: You may.

13 BY MR. SCHAR:

14 Q I'm going to show you what's already in evidence  
15 as Government Exhibit 1/21/04 check, Government  
16 Exhibit 1/22/04 check, and Government Exhibit  
17 1/23/04 check.

18 A Okay.

19 MR. SCHAR: Judge, could we have permission  
20 to publish?

21 THE COURT: You may.

22 (Exhibit published to the jury.)

23 BY MR. SCHAR:

24 Q In reference to the chart you just described --  
25 well, first, let me show you what's been marked as

1 Government Exhibit 1/21/04 check.

2 which check is that?

3 A That is the check from Chicago Title and Trust  
4 Company to Rezmar Realty for \$40,000 that would  
5 correspond to the upper left-hand box on the chart.

6 q And that was January 21st, 2004?

7 A Correct.

8 q I know it's hard to read, the left side towards  
9 the middle of it says to Rezmar Realty?

10 A Right.

11 q Moving on to Government Exhibit 1/22/04 check,  
12 the next day was -- well, why don't you describe  
13 what it is we're looking at.

14 A This is a check from Rezmar Corporation, it says  
15 that in the upper left-hand corner of the check,  
16 dated January 22nd, 2004, for \$40,000 and it's  
17 payable to River realty, Inc.

18 q And that's the middle box on your chart?

19 A Right.

20 q Finally, Government Exhibit 1/23/04 check the  
21 following day.

22 A This is a check from River Realty, Inc., dated  
23 January 23rd, 2004 for \$40,000 payable to Patricia  
24 Blagojevich. So this would be the bottom left-hand  
25 box on my chart.

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1 q who appears to have signed that check?

2 A Patricia Blagojevich.

3 q You can put those aside, Agent Schindler.

4 we're going to move ahead now to Chart 9 in  
5 the exhibit binder.

6 what is chart 9 -- well, what's the title of  
7 Chart 9?

8 A Rod and Patricia Blagojevich Annual Cash Flow.

9 q what is this chart, Agent Schindler?

10 A This is a chart that shows -- compares the  
11 inflows of money into Patricia and Rod's checking  
12 accounts -- or all the bank accounts, and compares  
13 it to the outflows of money, the money they are  
14 actually spending.

15 q And the blue line or the aquamarine line is what?

16 A The blue line is inflows and the R and G red line  
17 is outflows. So inflows would be anything coming  
18 in, any income coming in -- well, not just income,  
19 any inflows of money: So gifts, loans, wages,  
20 rentals, gross receipts; any money that's coming in;  
21 some insurance settlements.

22 q There was an insurance settlement coming in?

23 A Yes.

24 q And in terms of rents, I think when you talked  
25 about that the last time you talked about net rental



1 income, does this just include all rental income?

2 A This is all rental money that they received,  
3 money they get for rents, and then the rental  
4 expenses that they paid would be reflected in the  
5 outflows column.

6 Q How about wages?

7 A Wages would be the net amount of the paychecks  
8 that went into the bank, that would be inflows.

9 Q Inflows.

10 A Yes.

11 Q How about investment income?

12 A That would be in inflows, any money that they  
13 actually got.

14 Q How about money from River Realty?

15 A That would be any money that they took out of  
16 River Realty. So Patricia's salary and then any  
17 money that they transferred out from there.

18 Q How about just cash transfers from different  
19 accounts, would that be included?

20 A No, no, no transfers are included in this.

21 Q Okay. Outflows, what would be included in  
22 outflows?

23 A Outflows is anything that they spent money on.  
24 So ATM withdrawals, debit credit purchases, credit  
25 card purchases, checks written.

1 q And based on the chart, in 2003 are the  
2 outflows -- well, the left side is the amount of  
3 money for inflows and outflows and the horizontal  
4 one is yearly?

5 A Yes.

6 q In 2003 are the outflows substantially ahead of  
7 the inflows?

8 A Yes.

9 q In 2004 are outflows ahead of inflows?

10 A Yes.

11 q In 2005 are inflows ahead of outflows?

12 A Yes.

13 q In 2006, again outflows greater than inflows?

14 A Yes.

15 q In 2007, outflows slightly greater than inflows?

16 A Yes.

17 q And 2008, almost a wash?

18 A Yeah, inflows are slightly higher.

19 q So would this indicate that the largely over the  
20 course of time period the outflows of money were  
21 greater than the inflows of money?

22 A Yes.

23 q Moving on to Chart 10.

24 A Okay.

25 q What is the title of Chart 10?

1 A Rod and Patricia Blagojevich Total Card Debt  
2 Monthly Balance January 2002 Through December 9,  
3 2008.

4 q what on the left-hand line?

5 A The left-hand column --

6 q sorry, column.

7 A -- the amount of money, so that's the value of  
8 the debt, and then across the bottom would be the  
9 time from January of '02 through November of '08.

10 q How did you go about producing this chart?

11 A This I went through all their credit cards, all  
12 Rod and Patricia's credit cards, and calculated the  
13 balance at the end of every month.

14 q About how many credit cards did they have over  
15 this time period?

16 A They probably had maybe 8 or 9 credit cards over  
17 this time period.

18 q Can you explain the -- well, what is -- just an  
19 overall matter, what does the chart indicate from  
20 2002 to 2008?

21 A Overall, it indicates that debt has increased  
22 over time, credit card debt.

23 q And could you explain briefly what the spikes  
24 indicate at various portions where there is a spike  
25 and then it goes down?

1 A Well, when there is a spike it indicates that the  
2 credit card was used for big purchases or it doesn't  
3 paid directly the next month.

4 So each spike represents some spending. And  
5 then, alternatively, the downward spikes indicate  
6 credit cards being paid down or paid off. Sometimes  
7 they used other credit cards to pay credit cards,  
8 sometimes transfers of money from River Realty came  
9 in and paid off the credit cards. But, overall, the  
10 balances keep going up over time.

11 q Moving on to Chart 11.

12 what's the title of this chart?

13 A Rod and Patricia Blagojevich Consumer Credit  
14 Balances December 31st, 2007 through December 9th,  
15 2008.

16 q And on the left-hand column, what are the totals?

17 A Again, it's the value of the amount of the  
18 balances and then across the bottom will be time.

19 q When you say consumer credit card balance, is  
20 this debt?

21 A This is debt, yes.

22 q And this chart is December of '07 to  
23 December 9th, 2008?

24 A Right.

25 q What did you use to calculate the debt for this

1 particular chart as compares to the credit card  
2 chart?

3 A This one has all the credit card balances and, in  
4 addition, there is a home equity line of credit  
5 added on which is a loan where their house is the  
6 collateral, but it's not mortgage, it's a line of  
7 credit.

8 Q Were the first mortgages on any of the properties  
9 that they owned used?

10 A No.

11 Q So this would be just credit card debt and  
12 additional second mortgages or second loans against  
13 the house?

14 A Right.

15 Q What can you tell us about the flow of money in  
16 relation to this chart?

17 A From December '07 through December '08 their  
18 credit balances went up drastically.

19 Q And between about April of '08 rising line to  
20 about August of '08, what caused that uptick from  
21 about 170,000 to close to 220,000?

22 A They started drawing off their home equity line  
23 of credit.

24 MR. SCHAR: Judge, if you would like me to  
25 continue?

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1 THE COURT: No, we're going to take a break.

2 THE MARSHAL: All rise.

3 (The following proceedings were had out of  
4 the presence of the jury in open court:)

5 THE COURT: 15 minutes.

6 (Recess.)

7 THE MARSHAL: All rise.

8 THE COURT: Please be seated.

9 You may resume.

10 MR. SCHAR: Thank you, Judge.

11

12 BY MR. SCHAR:

13 Q Agent Schindler, when we left, I think we were in  
14 the chart binder and you had certain government  
15 charts before you. What I'd like to do now is  
16 direct your attention to Government Exhibit Chart  
17 12.

18 A Okay.

19 Q What is the title of Chart 12?

20 A Rod and Patricia Blagojevich Top 10 Categories of  
21 expenditures January 2002 through December 9th,  
22 2008.

23 Q And when you say "expenditures," what are you  
24 referring to?

25 A I'm referring to money spent, things that were

1 purchased.

2 q From January 2002 to December 9th, 2008?

3 A Correct.

4 q What, exactly, did you do to be able to produce  
5 this chart?

6 A I went through all of Mr. And Mrs. Blagojevich's  
7 financial records. I went through bank accounts,  
8 credit cards, other type of financial accounts and  
9 looked for all the money that they spent.

10 q Did that include looking at every charge, every  
11 debit, every credit card used?

12 A Yes.

13 q After that doing that, did you characterize the  
14 expenses in some way?

15 A Yes, I did. I started categorizing them into  
16 types of expenses.

17 q And is that indicated on the left-hand column of  
18 the chart?

19 A Yes.

20 q How do you account -- some of these, obviously,  
21 are purchases of goods for items, how did you  
22 account for returns?

23 A I subtracted returns out. So if there was a  
24 credit card charge or a debit card charge and then  
25 subsequently credited back or returned, then I just

1 netted it out, I took it away.

2 q Can you walk us through the -- and on the bottom  
3 is the amount of money spent on each particular  
4 category?

5 A Right.

6 q Going up to \$450,000 in the far right end?

7 A Right.

8 q Can you just walk us through the different  
9 categories beginning with medical, how you  
10 categorized it.

11 A So, okay, the top of the chart, "Medical," that  
12 would be anything related to doctors or  
13 prescriptions, anything like that.

14 The next category is "Travel," and that was  
15 things like hotels, rental cars, airfare, expenses,  
16 sightseeing type of things.

17 The next is "childcare," and that was any  
18 checks written to childcare providers.

19 "Retail Store" would be anything that was a  
20 retail purchase that I couldn't put into another  
21 category. For instance, Target, I didn't know what  
22 was actually purchased at the store, so I just put  
23 it in the retail store category. If I had known  
24 what exactly was purchased, I could've categorized  
25 it into a different category like toys, or household



Schindler - direct by Schar

3663

1 expenses.

2 The next category is "private school," and  
3 that was checks written for tuition or any other  
4 checks written to school that the children go to.

5 The next column is "groceries and  
6 convenience," and that would be anything like Jewel,  
7 or Dominick's, or 7-Eleven, any kind of stores like  
8 that.

9 The next is "House Expenses" which would have  
10 been any kind of expenses, big purchases relating to  
11 the house, like some construction-type expenses, and  
12 I think there was like blinds, that type of  
13 purchases.

14 Then "Rental Expenses" that would be any of  
15 the expenses related to the rental properties that  
16 the Blagojevichs own. So things like condo fees  
17 and --

18 q Other than their main residence, what other  
19 properties do the Blagojevich's own?

20 A They have a condo in Chicago that they rent out  
21 and a condo in Washington, D.C., that they rent out.

22 q What would go into rental expenses for those two  
23 additional properties?

24 A That would be the condo fees for both the  
25 properties and the mortgage payments on the

1 mortgages that they have.

2 q Those are, from your review, were those primarily  
3 offset by rental income coming in from those two  
4 properties?

5 A Right.

6 q So that would not be indicated in this chart?

7 A Right. Those are just expenses.

8 q I'm sorry, and the Sunnyside debt?

9 A The Sunnyside debt is the mortgage payments  
10 related to their house in Chicago that they live in.

11 q And what was the last category, the number one  
12 expenditure, clothing?

13 A That's "Clothing," so any kind of purchases  
14 indicated that was for clothing. So the department  
15 stores, clothing stores, shoe stores, that type of  
16 thing.

17 q From your review, was the clothing mostly adult  
18 clothing?

19 A Mostly.

20 q And how much -- in terms of clothing, what was,  
21 approximately, the total amount of clothing spent  
22 between January 2002 through December 9th, 2008, the  
23 amount of money spent?

24 A It was over \$400,000.

25 q Moving on to Chart 13, what is the title of Chart

Schindler - direct by Schar

3665

1 13?

2 A Rod and Patricia Blagojevich Expenditures, Top 15  
3 Payees Greater Than \$10,000 January 2002 through  
4 December 9th, 2008.

:48AM

5 q And the same time period?

6 A Yes.

7 q And when you say top 15 over 10,000 for  
8 expenditures, what does this chart indicate?

:48AM

9 A This indicates the amount of money that was spent  
10 on two particular entity and it's the top 15 of  
11 those.

12 q Instead of category now you're talking about  
13 specific --

14 A Specific entity.

:48AM

15 q Entity.

16 All right, can you just walk us through the  
17 top 15 beginning at Citibank mortgage.

18 A So number 1 is Citibank mortgage, \$392,463.36,  
19 and that is the mortgage on their home.

:48AM

20 Number 2 is Tom James Company/Oxford  
21 Clothing, and that's 205,706.72.

22 q What is that?

23 A That is a company that makes custom suits and  
24 clothing.

:49AM

25 q Sorry; go ahead.

Schindler - direct by Schar

3666

1 A Number 3 is Countrywide Home Mortgage and that's  
2 a mortgage on one of the rental properties and  
3 that's 127,861.76.

4 Number 4 is Private School. Do you want me  
5 to read the amounts for each?

6 q If you can just walk us through what the  
7 categories are.

8 A Okay. Number 5 is Saks Fifth Avenue.

9 q What is Saks Fifth Avenue?

10 A That's a retail store, department store.

11 Number 6 is Jewel, which is a grocery store.

12 Number 7 is nanny which is childcare  
13 provider.

14 Number 8 is U.S. Bank Home Mortgage and  
15 that's another of the rental properties, mortgages.

16 Number 9, Waterford Condominium, that's the  
17 condo fees for the Washington, D.C., rental  
18 property.

19 Number 10, Geneva Custom Shirts, which is a  
20 custom shirt maker.

21 Number 11, Neiman Marcus which is another  
22 department store.

23 Number 12 is cash, which would be ATM  
24 withdrawals and checks to cash.

25 Number 13, People's Gas, that's the gas

Schindler - direct by Schar

3667

1 company.

2 Number 14, Demos Painting and Decorating,  
3 Inc.

4 And number 15, Com. Ed.

5 q In your review of the expenditures -- by the way,  
6 for the condominium expenditures, was it primarily  
7 offset by income coming in for the rents?

8 A Right.

9 q Did you see, especially in the most recent years,  
10 any car expenses or significant car expenses?

11 A No.

12 q How about any payments to Winston & Strawn, the  
13 law firm?

14 A No.

15 q I'm going to show you what is now in evidence as  
16 Government Exhibit American Express 85000/86008  
17 Subgroup, Government Exhibit American Express 61009  
18 Subgroup, and American Express 22006 Subgroup.

19 Are those representative portions of various  
20 American Express statements for the Blagojevichs?

21 A Yes.

22 MR. SCHAR: Judge, may I have permission to  
23 publish various pages out of these exhibits?

24 THE COURT: Sure.

25 BY MR. SCHAR:

Schindler - direct by Schar

3668

1 q First I'd looking at American Express 6009  
2 Subgroup.

3 Is this a statement for a credit card,  
4 American Express credit card, for Rod Blagojevich?

5 A Yes, December.

6 q December 2006?

7 A Yes.

8 q And what is the charge on 12/11/06?

9 A Tom James Company, Franklin, Tennessee, custom  
10 clothier for \$20,000.

11 q Moving on to Government Exhibit American Express  
12 8500/86008, is this a different card in the name of  
13 Patricia Blagojevich?

14 A Yes.

15 q And the closing date on this was December 2003?

16 A Right.

17 q What was the balance?

18 A \$13,570.17.

19 q And at the beginning of the statement each month,  
20 was there an indication of returns?

21 A Yes, payments and returns.

22 q In this case there is a return for \$1,082 for  
23 Bloomingdale's?

24 A Right. On November 30th.

25 q At the bottom there are charges to Neiman Marcus?

Schindler - direct by Schar

3669

1 A Yes.

2 q Moving over to Bates Stamp 00204 for the record,  
3 do you see the top of the Bloomingdale's entry, does  
4 that correspond to the return that we saw  
5 previously?

6 A Yes, for \$1082.06.

7 q On November 29th are there two additional charges  
8 at Bloomingdale's?

9 A Yes, there's one for \$2,604.56 it says Maximilian  
10 Furs, and there's another one for \$3,800.81 for  
11 Maximilian Furs, as well.

12 q I want to move ahead now to a statement of  
13 December 2006, Bates Stamp 539.

14 Again, the same credit card in the name of  
15 Patricia Blagojevich?

16 A Yes.

17 q Is there a charge in relation to a hotel in  
18 Mexico?

19 A Yes, on December 19th, '06.

20 q For how much?

21 A \$9,423.44.

22 q And next page, Bates Stamp 540 for the record,  
23 12/21/06, do you see two charges to Saks there?

24 A Yes, one is \$1,847.55, it says Rena Lang day  
25 dress; I guess it's "Wang" I don't know. \$2,264.55

Schindler - direct by Schar

3670

1 on December 21st also for the same company, a  
2 jacket.

3 q Moving on to Government Exhibit American Express  
4 Subgroup 2206.

5 Is this a different credit card for American  
6 Express in the name of Rod Blagojevich?

7 A Yes.

8 q The first statement here is January of 2005?

9 A Correct.

10 q what's the balance?

11 A \$13,994.11.

12 q There are several returns indicated in January of  
13 '05?

14 A Yes, from Saks Fifth Avenue.

15 q Totaling about \$12,000 in return?

16 A Somewhere afternoon there, yes.

17 q For the record, moving on to bates stamp 866 of  
18 the exhibit.

19 It's charges from December 2004?

20 A Yes.

21 q what's the first one?

22 A December 23rd, 2004, Saks Fifth Avenue,  
23 \$17,704.09 for some clothing; skirt and jacket;  
24 skirts.

25 q And at the bottom two on this page.



Schindler - direct by Schar

3671

1 A The bottom two, December 31st is a charge at  
2 Fleet Feet, which is a shoe store, it says it's a  
3 shoe store purchase, \$716.12. And then again  
4 December 31st, Saks Fifth Avenue again, for it  
5 appears to be clothing, \$677.94.

:57AM

6 Q The next Page, Bates stamp 867 for the record.

7 A Again, December 31st, \$6,408.85, Saks Fifth  
8 Avenue again for some more clothing.

9 And then on January 2nd, Target, for \$63.96.

:57AM

10 And January 3rd, Saks Fifth Avenue again for  
11 a blouse, \$242.

12 Q Moving ahead now to February of 2006, at Bates  
13 Stamp 961, same credit card, what was the balance at  
14 that time?

:58AM

15 A \$9,157.95.

16 Q And moving over to Bates Stamp 963, were there  
17 purchases in January of 2006?

18 A Yes.

19 Q Can you just walk us through the ones that are  
20 there.

:58AM

21 A Sure. January 16th, 2006, is a charge at Saks  
22 Fifth Avenue for basket weave tie, \$179.85.

23 January 17, '06, Neiman Marcus, \$215.84,  
24 that's for Tabarone, which I believe is a tie.

:58AM

25 January 20th, '06, Geneva Custom Shirts,

Schindler - direct by Schar

3672

1 \$2,590.

2 January 25th, '06, Tom James Company Custom  
3 Clothier for \$7,781.26.

4 q Moving ahead to May 2006, Bates Stamp 983 for the  
5 record. Same credit card in the name of Rod  
6 Blagojevich. What's the balance on May 3rd, 2006?

7 A \$30,227.49.

8 q And April of 2006, what are the charges?

9 A April 10th, 2006, Saks Fifth Avenue for \$1,302.55  
10 for outerwear and ties.

11 April 12, '06, Tom James Company, Custom  
12 Clothier, \$18,026.27.

13 And then Four Seasons on 4/19 for \$55.41.

14 q Moving ahead to the next month, Bates Stamp 992,  
15 if you can read us the returns and then the new  
16 charges.

17 A On May 11th is a return for \$763 for ties and  
18 outerwear, and then on June 2nd there is a return at  
19 Saks Fifth Avenue for ties, \$359.70.

20 q And what are the last two in terms of the charges  
21 there?

22 A May 25th is the charge to Saks Fifth Avenue for  
23 ties, \$664.79.

24 May 26th, 2006, Geneva Custom Shirts, \$2,973.

25 q Moving ahead now to Bates Stamp 1024, moving

Schindler - direct by Schar

3673

1 ahead in time to November 2006, same credit card for  
2 Defendant Rod Blagojevich, what's the balance?

3 A \$6,128.80.

4 Q Now Bates Stamp 1026, beginning with the Tom  
5 James Company, can you read the charges there?

6 A Sure. On October 30th, 2006, Tom James Company  
7 \$4,911. On October 31st, Allen Edmond Shoes,  
8 \$406.57. And there's an American Express fee on  
9 November 2nd for \$40. And on November 2nd, '06,

10 Saks Fifth Avenue ties \$692.15.

11 Q Moving ahead to Bates Stamp 862-89 now. Moving  
12 ahead in time to November 2007, what was the credit  
13 card balance on Defendant Blagojevich's credit card  
14 at that time?

15 A \$14,915.21.

16 Q Moving ahead to Bates Stamp 91 for the  
17 November 2007 time period.

18 Can you take a look at the actual paper  
19 exhibit.

20 A Yes.

21 Q The Bates is EG0862-0091.

22 A I don't have that in front of me, I don't think.

23 MR. SCHAR: May I approach, Your Honor?

24 THE COURT: You may.

25 BY MR. SCHAR:

Schindler - direct by Schar

3674

1 q Can you just read us the charges in October  
2 of 2007.

3 A In October, it looks like 8th, 2007, Saks Fifth  
4 Avenue, \$773.90 and it's for four ties.

:04PM

5 october 15th, 2007, Saks Fifth Avenue, ties,  
6 \$196.20.

7 october 19th, 2007, Timeless Toys, \$81.42.

8 october 22nd, '07, Geneva Custom Shirts,  
9 \$1,970.

:04PM

10 october 22nd, '07, Tom James Company,  
11 \$12,000.

12 q Moving ahead now in time to February, close of  
13 date February of 2008, Bates Stamp 1113.

:05PM

14 February of 2008, what is Defendant  
15 Blagojevich's credit card balance?

16 A \$15,364.34.

17 q Moving to the last page at 1115 of the charges  
18 for that month, what's the first charge?

:05PM

19 A January 5th, 2008, Saks Fifth Avenue, ties,  
20 \$201.65.

21 q what is the third charge?

22 A January 7th, '08, Saks Fifth Avenue, ties,  
23 \$201.65.

24 q what's the fifth charge?

:05PM

25 A January 16th, '08, Allen Edmond's Shoes, \$343.35.

Schindler - direct by Schar

3675

1 q what's the next charge?

2 A January 22nd, '08, Allen Edmond's Shoes, \$343.35.

3 q what's the last charge in January of 2008?

4 A January 31st, 2008, Tom James Company,

5 \$13,758.65.

6 q Moving ahead now to March of 2008, Defendant

7 Blagojevich's credit card, what's the balance?

8 A \$4,959.88.

9 q Moving down that page, what's the first charge on

10 February of '08?

11 A February 9th, 2008, Saks Fifth Avenue, ties,

12 \$201.65.

13 q How about the next one?

14 A February 14th, '08, Saks Fifth Avenue, ties,

15 \$185.30.

16 q How about the last one on that page?

17 A February 18th, '08, Neiman Marcus, three ties,

18 \$594.05.

19 q Moving ahead to Bates 123 for the record, charges

20 toward the end of February and March of 2008, what's

21 the first entry?

22 A February 18th, 2008, Neiman Marcus, two ties,

23 \$397.85.

24 q And the next entry?

25 A February 21st, '08, Geneva Custom Shirts, \$1695.

Schindler - direct by Schar

3676

1 q The next entry is for Allen Edmond's?

2 A February 2nd, '08, \$1259.45.

3 q Next entry?

4 A March 2nd, '08, Fleet Feet Sports, \$151.65.

5 q Next entry.

6 A March 4th, '08, Neiman Marcus, tie, 196.20.

7 q Moving ahead now to Bates 175 in the exhibit,  
8 closing date October 3rd, 2008, what's the credit  
9 card balance?

10 A \$8,556.11.

11 q At the bottom of the page, what are the first two  
12 charges in September of 2008?

13 A September 4th, 2008, Fleet Feet Sports, \$93.33.

14 September 12, '08, Saks Fifth Avenue, shoes,  
15 \$744.19.

16 q And moving ahead to Bates 177, September of 2008,  
17 can you read us the charges on that.

18 A September 12th, 2008, Saks Fifth Avenue, ties,  
19 \$214.99.

20 September 12th, 2008, Saks Fifth Avenue,  
21 underwear and ties, \$575.51.

22 September 14th, 2008, American Grow, \$70.56.

23 September 17th, 2008, Saks Fifth Avenue,  
24 three ties, \$231.53.

25 September 18th, '08, Geneva Custom Shirts,

Schindler - direct by Schar

3677

1 \$1,411.

2 September 19th, '08, Cubs tickets, \$160.

3 September 24th, '08, Tom James Company,

4 \$5,000.

:09PM

5 q Moving ahead now to Bates 181, the closing date  
6 November 4th, 2008, what's the credit card balance  
7 for Defendant Blagojevich's credit card?

8 A \$9,854.15.

:09PM

9 q At the bottom of that page there is a return of  
10 certain ties?

11 A Yes; three ties.

12 q How much is the return?

13 A \$644.97.

:10PM

14 q Moving ahead to Bates 183, late October 2008,  
15 what's the first purchase on October 4th?

16 A Saks Fifth Avenue, ties, \$214.99.

17 q what's the next Saks purchase?

18 A October 20th, 2008, two ties, \$429.98.

19 q what's the next?

:10PM

20 A October 23rd, 2008, Saks Fifth Avenue, three  
21 ties, \$214.99.

22 q what's next?

23 A October 24th, Land's End Clothing, \$148.23.

24 q And what's next?

:10PM

25 A October 28th, '08, Fleet Feet Sports, \$536.52.

Schindler - cross by Goldstein

3678

1 q Moving ahead to Bates 188, closing date for  
2 December 4th, 2008, what's the credit card balance  
3 for Defendant Rod Blagojevich's credit card on that  
4 date?

5 A \$6,161.17.

6 q Was there a return on that page?

7 A Yes, on November 11th there is a return at Fleet  
8 Feet Sports for \$270.11.

9 q And on November 8th, below that, was there a  
10 purchase of Fleet Feet?

11 A Yes, for \$743.80.

12 q What's next?

13 A November 14th, 2008, Saks Fifth Avenue, two ties,  
14 \$429.98.

15 q Moving on to Bates Stamp 190 throughout November,  
16 what's the first purchase?

17 A November 16th, 2008, two ties at Saks Fifth  
18 Avenue, \$429.98.

19 q Third purchase?

20 A Neiman Marcus a tie for \$211.09.

21 q The last purchase?

22 A December 2nd, '08, Tom James company, \$4,000.

23 MR. SCHAR: Nothing else, Judge.

24 CROSS EXAMINATION

25 BY MR. GOLDSTEIN:



Schindler - cross by Goldstein

3679

1 q Good afternoon, Agent Schindler.

2 A Hi.

3 q Now, you indicated that you evaluated all the tax  
4 returns of the Blagojevichs, isn't that correct?

5 A Yes.

6 q Do you have the tax returns in front of you?

7 A I do. I have three of them.

8 q Could you turn to the 2002 Blagojevich tax  
9 return.

10 Do you have that in front of you?

11 A No, I don't.

12 MR. GOLDSTEIN: May I approach, Your Honor?

13 THE COURT: You may.

14 BY MR. GOLDSTEIN:

15 q I'm handing you Government Exhibit 2002  
16 Blagojevich Tax Return.

17 A Okay.

18 q Is that the 2002 tax return of the Blagojevichs?

19 A Yes. It looks like it is, yes.

20 q Could you look at the second page, please.

21 This page (indicating). Could you look at  
22 line 69.

23 Do you see that line?

24 A Yes.

25 q Could you explain to the ladies and gentlemen of

1 the jury what 69 is?

2 A Line 69 is the total payments that got credited  
3 to the Blagojevichs to the IRS.

4 q So 69 is the amount of tax paid to the IRS, is  
5 that correct?

6 A That's the amount withheld, the amount like for  
7 estimated taxes.

8 q So that's money that went to the IRS?

9 A Yes.

10 q How much is indicated on line 69?

11 A \$72,548.

12 q And on line 70, can you indicate to the ladies  
13 and gentlemen of the jury what that line indicates?

14 A Line 70 would be the amount overpaid. So in this  
15 case it's 7,518, which you have a choice to get it  
16 refunded or you can carry it over to the next year.

17 q And the Blagojevichs on 2002, what did they do?  
18 Did they get it refunded or did they roll it over?

19 A They rolled it over to the next year.

20 q Do you have Government Exhibit 2003 Tax Return?

21 A No.

22 q If I may hand that to you.

23 If you can look at the second page, as well.

24 A Okay.

25 q And this time it is line 68, what is line 68?

1 A Again, that's the total payments made on their  
2 account with the IRS.

3 q So that's the amount of money that went to the  
4 U.S. Internal Revenue Service, is that correct?

5 A Yes.

6 q How much was given to the IRS for the 2003 tax  
7 returns of the Blagojevichs?

8 A \$62,362.

9 q And the next line indicates the amount that was  
10 overpaid?

11 A Right.

12 q How much was overpaid?

13 A \$24,572.

14 q And the next line indicates an opportunity to  
15 have it refunded to them, is that correct?

16 A Right.

17 q How much did the Blagojevichs choose to have  
18 refunded to them?

19 A Zero.

20 q So 24,000, a little over \$24,000 they overpaid in  
21 taxes and they took zero, is that correct?

22 A They carried it forward for the next year.

23 q So for that period they didn't take \$24,000, is  
24 that correct?

25 A No.

1 q You have, I believe, 2003?

2 A 2004.

3 q Yes. Okay. Could you look at the 2004 tax  
4 return.

5 A Sure.

6 q And I think this one, it is line 70, what does  
7 line 70 indicate?

8 A It's a combination of all the payments that were  
9 made on their behalf during the year to the IRS.

10 q So that's the amount of money paid to the IRS in  
11 the year 2004, is that correct?

12 A Yes.

13 q Okay. How much did the Blagojevichs pay the IRS  
14 in 2004?

15 A \$104,976.

16 q How much did they overpay to the IRS?

17 A \$17,166.

18 q And was any amount refunded to the Blagojevichs  
19 in 2004?

20 A No, they carried that forward to 2005.

21 q Now, we'll go to 2005 of the Blagojevich's tax  
22 return, page 2 I believe --

23 A Page 4.

24 q Page 4. And this would be line 71.

25 what does 71 indicate?

1 A \$66,330 paid in.

2 Q And a little over 66,000 was paid to whom?

3 A To the IRS -- no, this is from withholdings and  
4 estimated taxes, not like they wrote a check.

5 Q But that's over the years that amount was paid to  
6 the Internal Revenue Service for the United States  
7 government, is that correct?

8 A Yes.

9 Q And that is a total of \$66,330, is that correct?

10 A Yes.

11 Q And how much did the Blagojevichs pay that year?

12 A \$11,974.

13 Q And how much was refunded to them back?

14 A Zero. They elected to carry it forward to the  
15 next year.

16 Q And we would go to 2007.

17 Now, this time we are on line 72.

18 A Okay.

19 Q What does 72 indicate?

20 A Total payments to the IRS, \$47,667.

21 Q And so \$47,667 was paid to the federal  
22 government, IRS, is that correct?

23 A Yes.

24 Q And how much was overpaid?

25 A \$15,697.

1 q And I see it indicates that the Blagojevichs  
2 actually did take some amount of money back. How  
3 much did they take back?

4 A They elected to take \$5,697 as a refund and  
5 10,000 went to their estimated 2008 taxes.

6 q 2008, this is the 2008 Blagojevich tax returns,  
7 is that correct?

8 A Yes.

9 q And line 71, what does that indicate?

10 A \$41,565 was paid to the IRS that year.

11 q By the Blagojevichs, is that correct?

12 A Yes.

13 q And the next line it indicates how much was  
14 overpaid?

15 A \$15,498.

16 q Does it indicate that any amount of refund was  
17 taken?

18 A No, they elected to carry it forward to 2009.

19 q Now, as you analyzed Rod and Patti Blagojevich's  
20 tax return, you talked about Chart number 7.

21 Do you have the chart in front of you?

22 A I do.

23 Okay.

24 q So now Chart 7 is Rezko entity's checks to River  
25 Realty, isn't that correct?

1 A Yes.

2 q And it indicates money that was paid to River  
3 Realty from any Rezko related company, is that fair  
4 to say?

5 A Yes.

6 q It is correct that Rod and Patti Blagojevich paid  
7 taxes on this amount that was given to them, is that  
8 correct?

9 A Yes.

10 q And as you analyzed the tax returns from 2002 to  
11 2008, they paid all their taxes, is that correct?

12 A As far as I know, yes.

13 q And there was no reporting problems; they didn't  
14 withhold any income, is that correct?

15 MR. SCHAR: Objection.

16 MR. GOLDSTEIN: I apologize. I'll rephrase,  
17 I apologize.

18 BY MR. GOLDSTEIN:

19 q All the income that Patti and Rod Blagojevich  
20 earned each year was reported to the IRS?

21 MR. SCHAR: Objection.

22 THE COURT: The objection is sustained.

23 BY MR. GOLDSTEIN:

24 q 2002, you evaluated the tax returns of the  
25 Blagojevichs, isn't that correct?

1 A Yes.

2 q And all the income was reported that they  
3 received in 2002?

4 MR. SCHAR: Objection.

5 THE COURT: I think you may be confusing  
6 evaluation with audit. They are two separate  
7 processes.

8 BY MR. GOLDSTEIN:

9 q Are you familiar -- have you ever audited before?

10 A Yes; it's my job.

11 q That's your job as an auditor?

12 well, what you did here in analyzing these  
13 tax returns and income and expenses, and all that,  
14 would you call what you did an audit?

15 A I looked them over. I suppose I could call it an  
16 audit, yes.

17 q And on the audit that you did, is it fair to say  
18 that all the income that Patti Blagojevich received  
19 was reported on her taxes?

20 A Yes.

21 q And all the income that Rod Blagojevich was  
22 reported on his taxes?

23 A On his tax return, yes.

24 q Excuse me?

25 A On his tax return, yes.



1 q Now, if you can go to Chart 8, please.

2 A Okay.

3 q Now, the second box to the left, it indicates  
4 that there was a bank balance after the January 23rd  
5 deposit of \$106,588.12, is that correct?

6 A Yes.

7 q So before that 40-thousand-dollar deposit, there  
8 was, if my math is correct, \$66,588.12, is that  
9 correct?

10 A well, the same -- not to be picky, but on the  
11 same day that the 40,000 deposit was made, there was  
12 another check. There two checks made in the same  
13 deposit.

14 q And that was a 35-thousand-dollar check, is that  
15 correct?

16 A Yes.

17 q And that 35-thousand-dollar check was not from  
18 Tony Rezko, is that correct?

19 A You know, I'd to look at the check. I know it's  
20 not from Tony Rezko, I'm not sure about 35 --

21 q And it was --

22 I'm sorry?

23 A I'm not positive it was \$35,000, but I know it  
24 was not from Mr. Rezko.

25 q Okay. So the other commission check that was

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1 received by Patti Blagojevich right around that same  
2 time, you're not exactly sure of the amount but  
3 you're sure it's not from Tony Rezko, is that  
4 correct?

:24PM

5 A Correct.

6 q Okay. So the amount that was in the River Realty  
7 bank account had enough amount of money to pay for  
8 these expenses before this 40-thousand-dollar check  
9 was submitted, is that correct?

:24PM

10 A Yes.

11 q Okay. So the \$40,000, you can't say what money  
12 that was in River Realty's bank balance January 23rd  
13 actually went towards these expenses, is that  
14 correct?

:25PM

15 A That's correct.

16 q Now, if you can turn to Chart 11.

17 Are you there?

18 A Yeah.

:25PM

19 THE COURT: I would ask you how much time you  
20 have left? Because if it's a short time, we'll  
21 continue; if it's a longer time, we'll take a break  
22 now.

23 MR. GOLDSTEIN: Just about 15 to 20 minutes.

24 THE COURT: Let's take a break.

:25PM

25 THE MARSHAL: All rise.

1 (The following proceedings were had out of  
2 the presence of the jury in open court:)

3 THE COURT: Court is in recess.  
4

5 (Luncheon recess taken from 12:25 o'clock  
6 p.m. to 1:46 o'clock p.m.)  
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IN THE UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA,

Government,

vs.

ROD BLAGOJEVICH,  
ROBERT BLAGOJEVICH,

Defendants.

No. 08 CR 888

Chicago, Illinois

July 1, 2010

1:46 o'clock p.m.

VOLUME 18  
TRANSCRIPT OF PROCEEDINGS  
BEFORE THE HONORABLE JAMES B. ZAGEL  
AND A JURY

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25

1 (The following proceedings were had out of  
2 the presence of the jury in open court:)

3 THE CLERK: Please remain seated.

4 We'll resume with the case on trial.

5 THE COURT: Counsel.

6 MR. SCHAR: Judge, briefly, just a couple of  
7 quick issues, one in terms of schedule of the day.

8 After Agent Schindler we have two additional  
9 witnesses. I'm not sure how long it will be and  
10 whether it will take us through the afternoon.

11 Given, unfortunately, the holiday schedule, we were  
12 unable to secure the other witnesses the way we  
13 wanted today. I'm hoping you will be forgiving of  
14 that situation.

15 THE COURT: How forgiving I am depends on how  
16 short you are.

17 MR. SCHAR: I think through the first break  
18 and probably after, but I'm not sure if it will take  
19 us to 5:00.

20 THE COURT: All right.

21 MR. SCHAR: When Agent Schindler is done, I  
22 believe we're done with the Binder Chart in Binder 3  
23 of the calls. I know it's getting crowded, I don't  
24 know if you want to permit the jury to take those  
25 binders out.

1 THE COURT: I believe the jury would  
2 unanimously, particularly if you see where they put  
3 them and the narrowness of the way they have to  
4 walk, they're stepping over the stuff, I'm sure  
5 they'd be happy.

6 MR. SCHAR: We'll still be using the Binder 1  
7 and Binder 2 but not the other one.

8 Our next witness is Bob Williams who there is  
9 a petition for immunity for. I don't know if you  
10 want to do that now or whether you want to take a  
11 break after Agent Schindler to do that.

12 THE COURT: I rather do it now.

13 MR. SCHAR: Okay, we will arrange to have him  
14 brought in.

15 And the last thing before I turn it over to  
16 Mr. Niewoehner for one additional issue, is that if  
17 there is time, what we would like at the end of the  
18 day is address some scheduling issues related to the  
19 remainder of the trial.

20 THE COURT: Sure.

21 MR. NIEWOEHNER: Your Honor, there is one  
22 other matter that we need to resolve before the  
23 cross-examination of Michael Winter who will be the  
24 last witness for the afternoon. So we can either  
25 take that up now or at the break, whatever your



1 preference would be.

2 THE COURT: well, since the jury is cooling  
3 their heels and they know I'm out here, we can take  
4 it up now.

5 MR. NIEWOEHNER: Your Honor, I expect  
6 Mr. Winter will testify about Patti Blagojevich  
7 working at Rezmar, that will be the basic topic he  
8 will address. And Mrs. Blagojevich did have a  
9 contract that governed that or reported to govern  
10 that relationship.

11 I have spoken to defense counsel about this.  
12 It's my understanding that Mr. Gillespie intends to  
13 ask some questions of Mr. Winter along the lines of  
14 what Michael Winter's understanding of the way that  
15 contract came from.

16 In particular, I think the evidence will show  
17 that Brian Hynes was somebody who participated in  
18 the drafting of that contract, he was a lawyer at  
19 Shefsky & Froelich. The government's view is that  
20 that would be irrelevant hearsay for Mr. Winter who  
21 had nothing to do with the contract's drafting or  
22 formation.

23 He was aware of it, he was aware that there  
24 was a contract, but beyond that he had nothing to do  
25 with the creation, or negotiation, or anything else

1 of the contract.

2 So we would ask to bar any questions of  
3 Mr. Winter about where that contract came from as  
4 either hearsay or 403. Hearsay because it is being  
5 offered for the truth, and in fact some lawyer did  
6 review it, particularly Mr. Hynes or any lawyer, for  
7 that matter, and this is potential confusion as to  
8 whether this was legal or not which seems to be the  
9 indication.

10 THE COURT: Yes or no? And if yes, why?

11 MR. GILLESPIE: Judge, if the government  
12 plans on asking him about the contract, I do plan on  
13 asking him what he knows about the contract.

14 I'm not going to ask him to get into specific  
15 terms of the contract because I don't think he has  
16 any information. But just to throw out that there  
17 was a contract, I think, one, under the rule of  
18 completeness, I'm not going to ask what he talked to  
19 Mr. Hynes about, but he knows, he's testified -- not  
20 testified, but he's given information to the agents  
21 back in 2007, some 3 years ago, that he was aware of  
22 fact that this contract was drawn up by an attorney,  
23 by Mr. Hynes, and that after it was drawn up by  
24 Mr. Hynes it was passed on to Mrs. Blagojevich.

25 So I don't believe it's a hearsay problem and

1 I believe it's relevant and I don't see why it  
2 should be excluded.

3 THE COURT: What use are you going to make of  
4 it?

5 MR. GILLESPIE: I'm sorry?

6 THE COURT: What use are you going to make of  
7 it?

8 MR. GILLESPIE: Yes, sir.

9 THE COURT: Well, that's what I want to know.  
10 I mean, what use are you going to make of it? Why  
11 is it of use to you?

12 MR. GILLESPIE: Oh. It's of use to me  
13 because it's clear that it's government's position,  
14 just based upon the wording that counsel just used,  
15 that this word "contract" is a sham, is that it's  
16 meaningless. If it's put out there that this is a  
17 contract, the jury is left to believe: well, was  
18 this just printed up by Mr. Rezko? Was this given  
19 by Mrs. Blagojevich? I think the jury has a right  
20 to know where the contract came from.

21 THE COURT: And if Mr. Hynes, the lawyer, was  
22 called to testify, he would say what?

23 MR. GILLESPIE: I'm assuming, Judge, he would  
24 say that he prepared the contract and he presented  
25 the contract to Mr. Rezko and Mrs. Blagojevich and

1 that it was signed.

2 THE COURT: Okay, that part I got, but --

3 MR. NIEWOEHNER: Judge, I don't actually  
4 intend to mention contract.

5 THE COURT: Does that solve your problem?

6 MR. GILLESPIE: If I can have a second,  
7 judge, just to confer?

8 (Brief pause).

9 MR. GILLESPIE: Judge, again, I think, per  
10 the indictment, it's the government's allegation  
11 that Mrs. Blagojevich was getting paid for work that  
12 she was not doing, that this was a means in which  
13 Mr. Rezko was passing money on to the Blagojevich  
14 family.

15 I think the fact that there actually was a  
16 contract that was prepared by Mr. Hynes in this  
17 case, the contract was assigned between the parties,  
18 it would be relevant, in my humble opinion, that  
19 that goes to that particular issue, as to whether or  
20 not she was a ghost payroller or whether she was  
21 actually doing work, and, as importantly, whether  
22 she was doing work as termed by the contract.

23 THE COURT: I still don't quite get it, and  
24 the reason I don't quite get it is, if the  
25 government were going to contend that this is a sham

1 arrangement, it doesn't make any difference if  
2 there's a contract or no contract, it can still be a  
3 sham arrangement either way.

4 So the fact that there is a contract, and  
5 that some lawyer wrote it up doesn't seem to me to  
6 help either side, which I think is why they're  
7 willing to forgo reference to the contract.

8 I just don't see why it helps you unless you  
9 want to operate on some kind of evidentiary  
10 foundation, which I don't think you can lay, which  
11 is that when there is a contract, it is factually  
12 more likely that this deal is an honest deal, and I  
13 don't think you're going to do that.

14 MR. GILLESPIE: I would agree with the Court  
15 on that. And, of course, whether or not the  
16 contract in and of itself leads this to be a  
17 legitimate deal or it lends credibility to our  
18 contention or to our true belief that it is an  
19 actual working relationship that they have, I think  
20 is a question of fact to be presented to the jury.

21  
22 THE COURT: The question I have is, the  
23 witness is going to be examined basically on --  
24 well, maybe not. Let me ask you this question: Are  
25 you going to ask him what her terms of employment

1 were, apart from the contract?

2 MR. NIEWOEHNER: I think the term that is  
3 significant for this witness would be that she was  
4 paid on a monthly basis of approximately 12,000  
5 something dollars a month, so that would be  
6 something we would elicit. As to whether by  
7 contract or some other mechanism, it isn't  
8 important.

9 THE COURT: It was a term of employment, is  
10 what you want?

11 MR. NIEWOEHNER: Yes.

12 MR. GILLESPIE: Judge, if I may --

13 THE COURT: Wait. Let me finish.

14 MR. GOLDSTEIN: I'm sorry.

15 THE COURT: And I think an undisputed fact  
16 between the parties that the term of employment is  
17 \$12,000 a month.

18 MR. NIEWOEHNER: If I could have just one  
19 second, Your Honor.

20 THE COURT: Yes.

21 (Brief pause)

22 MR. SCHAR: Your Honor, I should have been  
23 more clear. This witness would not be putting the  
24 contract, there is another witness, however, who I  
25 think would put in the contract.

1 THE COURT: Okay.

2 MR. NIEWOEHNER: I think the point that we  
3 would object to is not that there was a contract,  
4 but whether a lawyer drafted it up, to your point,  
5 whether a lawyer drafted it up or someone else did  
6 is not material to any issues in the case.

7 THE COURT: Okay, I got it.

8 Okay, there's a contract. Everybody agrees  
9 there is a contract.

10 MR. GILLESPIE: Yes, Your Honor.

11 THE COURT: Now, his point is the fact that  
12 it was drafted by lawyer, what difference does that  
13 make?

14 MR. GILLESPIE: Judge, again, I think, of  
15 course none of us are sitting in those 12 jurors'  
16 seats, but to say that wouldn't make a difference to  
17 any of the jurors, I don't think how we can do that.

18 It's in direct context to the contract--and  
19 as counsel, I believe, just stated, the contract is  
20 going to be coming in--it's in direct context to how  
21 she's getting paid, the amount she's getting paid,  
22 the work she's expected to be done is laid out by  
23 that particular contract.

24 THE COURT: Okay, I got that, but why does it  
25 matter who drafted it?

1 MR. GILLESPIE: I'm sorry?

2 THE COURT: why does it matter who drafted  
3 it?

4 MR. GILLESPIE: It would be our position,  
5 Judge, it would be significant because it's the  
6 government's contention that there is this il- -- I  
7 was going to say improper, but illegal relationship  
8 established between the Governor, Mrs. Blagojevich,  
9 and Mr. Rezko, and if it's just thrown out there  
10 that there was a contract that set these terms,  
11 there is no understanding as to how this contract  
12 was prepared or who prepared it.

13 Just to ask the witness --

14 THE COURT: well, wait, wait, wait. Now that  
15 I understand the argument, this is like some of the  
16 other arguments that I anticipate hearing, that it  
17 must be legal because there was a lawyer in the  
18 room, or to cite Mr. Adam's repeated reference to 40  
19 under 40, is that somehow a lawyer is imprimatur.  
20 And I don't think it works even in the days when  
21 people had a lot more respect for lawyers than they  
22 do today. But I don't get the fact that if there  
23 was a lawyer who did it, unless you're going to talk  
24 about some kind of intimate relationship with this  
25 entire deal had by this lawyer and then we can hear



1 by the lawyer.

2 MR. GILLESPIE: I'm sorry?

3 THE COURT: Unless there was some intimate  
4 relationship to the event with respect to this  
5 lawyer. If it's a contract, it's fine, but that a  
6 lawyer drafted it strikes me as utterly irrelevant.  
7 It doesn't help you in any legitimate argument.

8 Now, if you're going to make an argument  
9 that one indicia of the legitimacy of this  
10 transaction is that a lawyer drafted the contract,  
11 which is, I think, where you're getting to, I don't  
12 think you got an evidentiary basis for making that  
13 assertion that a lawyer may or may not know what  
14 underlies this stuff. The lawyer may make a  
15 perfectly legitimate piece of paper, but he doesn't  
16 know if the transaction is legitimate. Unless he's  
17 intimately associated with how the deal was made and  
18 what the relationship is between the parties, then I  
19 don't think you get anywhere with that.

20 Lawyers are not guarantors. They may,  
21 arguably, be guarantors of some aspects of the  
22 contract, but they are not guarantors of the  
23 execution of it, and the issue the government is  
24 going to raise is the execution of the contract.

25 MR. GILLESPIE: In that same vein, Judge,

1 it's my understanding that Mr. Winter, the witness  
2 who is going to testify, and I know counsel can  
3 correct me if I'm wrong, is not familiar with the  
4 terms of this contract or familiar with what the  
5 contract called for or specified, then if the gist  
6 of his testimony is is that she didn't do anything  
7 which warranted payment of the sum of money as  
8 termed by the contract, then I think his whole  
9 testimony is irrelevant.

10 THE COURT: No, but that's a different issue.  
11 What we're talking about is is the government  
12 proposes to put on a witness who said we have a  
13 contract, these are its terms, and under these terms  
14 she didn't deserve the money.

15 Is that about it?

16 MR. NIEWOEHNER: Yeah.

17 THE COURT: Roughly.

18 MR. NIEWOEHNER: The big picture, yes.

19 THE COURT: So, basically, I don't see what  
20 the lawyer has to do with this.

21 MR. GILLESPIE: If I might ask, Judge, is it  
22 my understanding that if this witness is going to  
23 say he is intimately involved with this contract,  
24 he's going to be able to testify as to the intimate  
25 details of this contract but not how it's prepared?

1 THE COURT: I don't even know that he has to  
2 talk about the intimate details. Usually the basic  
3 details are: You will do X for us and we will pay  
4 you Y. And if that's what he's talking about -- if  
5 it's one of these things which says you do 40 hours  
6 a week and we pay you \$100 an hour, that's fine. If  
7 you start talking to him about default provisions  
8 and a bunch of other stuff, no.

9 So if he understands what the consideration  
10 on both sides is, what Mrs. Blagojevich is supposed  
11 to give to them and what they are supposed to give  
12 in return, it's hard to believe that he wouldn't be  
13 familiar with those basics if he's qualified to  
14 testify about this at all. Then, if he says she  
15 gave us this, she's supposed to give us this, we  
16 gave her that, and he testifies I was in the office  
17 constantly and we never got this and we paid her for  
18 that, that's his testimony.

19 MR. GILLESPIE: Sure, Judge. But,  
20 historically, this isn't a man who worked for this  
21 company. Was a consultant for this company but he's  
22 not a man who was president or vice president or a  
23 supervisor.

24 THE COURT: He's being tested, I'm assuming,  
25 on his observations, and we'll see if he's got

1 adequate observations to make that point.

2 MR. GILLESPIE: Okay.

3 THE COURT: If you cross examine him and it  
4 turns out he's in the office one hour a week and  
5 it's important to know how many hours that the  
6 employee was in the office, maybe he's not competent  
7 to do that. But it may not simply be an attendance  
8 issue, there may be other issues as well, and we  
9 have to see if he's got a reasonable basis to say  
10 it, but we'll see.

11 MR. GOLDSTEIN: Yes, Your Honor.

12 would I be allowed to ask, Judge, or just  
13 simply say that your understanding this wasn't drawn  
14 up by either Mrs. Blagojevich or Mr. Rezko, and  
15 because if it's the lawyer issue, that it's just a  
16 third-party.

17 THE COURT: Do you care?

18 MR. NIEWOEHNER: The understanding would come  
19 from hearsay. He didn't do it, so the only way to  
20 acknowledge this is that somebody else told him  
21 where it came from, so I don't think it's relevant  
22 for the truth of the matter.

23 THE COURT: Yes, then it probably is hearsay.  
24 And, you know, if this is a big issue, you can  
25 probably prove it some other way and you might even

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1 get a stipulation, I don't know. I don't want to go  
2 off on this track, particularly in the context of  
3 this case where it seems to me that the lawyer's  
4 presence at certain times has a significance in this  
5 case that it might not have in other cases.

:04PM

6 MR. GILLESPIE: Thank you, Your Honor.

7 MR. NIEWOEHNER: Thank you.

8 MS. HAMILTON: Your Honor, we're here for  
9 petition of immunity for Rod Blagojevich.

:05PM

10 THE COURT: I have seen the petition and the  
11 requisite letter from the DOJ.

12 You are Robert Williams?

13 MR. WILLIAMS: Yes, sir.

14 THE COURT: And you are represented by  
15 counsel here?

:05PM

16 MR. CAMPBELL: Yes, Judge. Terry Campbell.

17 THE COURT: I'm going to enter an order in a  
18 few moments which grants you immunity. Has your  
19 lawyer explained that to you?

:05PM

20 MR. WILLIAMS: Yes, sir.

21 THE COURT: This means that you are immune  
22 from the use of any statement you might make on the  
23 witness stand, the use of any statement you might  
24 make to prove any charge against you personally; do  
25 you understand that?

:06PM

1 MR. WILLIAMS: Yes, sir.

2 THE COURT: The only way you can get in  
3 trouble with respect to what it is you say on the  
4 witness stand is if you commit perjury, in which  
5 case you can be prosecuted for that; do you  
6 understand this?

7 MR. WILLIAMS: Yes, sir.

8 THE COURT: And you have conferred with your  
9 lawyer?

10 THE WITNESS: Yes, sir.

11 THE COURT: Anything further?

12 MS. HAMILTON: No, Your Honor.

13 THE COURT: The order is signed and entered.

14 THE MARSHAL: All rise.

15 (The following proceedings were had in the  
16 presence of the jury in open court:)

17 THE COURT: Please be seated.

18 You may resume.

19 MR. GOLDSTEIN: Thank you, Your Honor.

20 SHARI SCHINDLER, GOVERNMENT WITNESS, SWORN

21 CROSS EXAMINATION (resumed)

22 BY MR. GOLDSTEIN:

23 Q Okay, Ms. Schindler, what I'd like you to do is  
24 turn to Chart 11.

25 A Okay.

1 q Just briefly, this indicates Rod and Patricia  
2 Blagojevich consumer credit balance, is that  
3 correct?

4 A Yes, sir.

:09PM

5 q And does that include the home equity loan?

6 A Yes, this one does.

7 q Do you know how much that home equity loan was  
8 for?

9 A The total amount of credit?

:09PM

10 q I'm sorry?

11 A You mean the amount of credit that it was for?

12 q Correct.

13 A Not off the top of my head, I don't know.

14 q Now, could you look at Chart number 12.

:09PM

15 A Okay.

16 MR. GOLDSTEIN: Your Honor, may I publish  
17 this?

18 THE COURT: Sure.

19 You want the jury to turn to it in the books?

:09PM

20 MR. GOLDSTEIN: Yeah, they can turn to it in  
21 the books, or whatever is most convenient.

22 BY MR. GOLDSTEIN:

23 q Now, on this chart is the top 10 categories of  
24 expenditures, is that correct?

:10PM

25 A Yes.

1 q So the top category is the least amount and the  
2 bottom category is the most, is that correct?

3 A The top category on the chart or the top in  
4 meaning highest amount?

5 q Highest.

6 A The highest value is at the bottom, the lowest is  
7 at the top.

8 q Much better said than I did.

9 So that's your understanding, the medical is  
10 the least amount?

11 A Of the top 10, yes.

12 q Now, we went over the IRS form that the  
13 Blagojevichs' prepared and it was from 2002 to 2008,  
14 is that correct?

15 A Yes.

16 q Now, it's my understanding that the total amount  
17 of taxes paid during that period was \$458,492, is  
18 that your understanding of the total amount of taxes  
19 paid by the Blagojevichs during that period?

20 A I never added it up.

21 q You never added it up?

22 A No.

23 q Does that sound like an accurate number to you?

24 A I really have no idea.

25 q Well, on this chart, where would you put that



1 figure \$458,492 on this chart? where would it go?

2 A The taxes paid were paid off -- they were  
3 withheld from the paychecks. They were not  
4 expenditures that were paid out of the funds  
5 available to spend.

6 so all on this chart is money that was  
7 actually spent using a credit card, or a debit card,  
8 or a check. So the taxes that were withheld from  
9 the paycheck never got into the stream of money to  
10 be used.

11 q But the amount of taxes, would it be fair to say,  
12 would be more than -- would be the highest amount on  
13 that chart, is that correct?

14 A I don't know. I never added it up.

15 q Okay.

16 Now, if I can show you Chart 13.

17 MR. GOLDSTEIN: Permission to publish, Your  
18 Honor?

19 THE COURT: You may.

20 (Exhibit published to the jury.)

21 BY MR. GOLDSTEIN:

22 q Now, number 12, do you see that?

23 A Yes.

24 q It says "cash," what does cash mean?

25 A Cash would be any ATM withdrawal or any checks to

1 cash.

2 q So you evaluated cash withdrawals by the  
3 Blagojevichs, is that correct?

4 A I evaluated all their expenditures, yes.

:13PM

5 q Okay. And one of the expenditures was cash  
6 withdrawn from the bank, is that correct?

7 A Yes.

8 q And the total between January 2002 and  
9 December 9, 2008 was \$26,863.74?

:13PM

10 A Yes.

11 q So from January 2002 to December 9, 2008, there  
12 was a consistent withdrawal of cash by the  
13 Blagojevichs, is that correct?

14 A I didn't analyze the pattern.

:13PM

15 q Okay. You do recall -- you remember that chart  
16 you analyzed with Lon Monk?

17 A Yes.

18 q But you didn't analyze it in this case?

19 A No.

:13PM

20 q You didn't see anything in your analysis of the  
21 Blagojevichs anywhere similar to Lon Monk?

22 MR. SCHAR: Objection, Judge.

23 THE COURT: Sustained.

24 BY MR. GOLDSTEIN:

:14PM

25 q Now, if you can look at Chart 10, please.

1 A Okay.

2 Q Now, the credit card debt, could you explain how  
3 you analyzed the credit card debt?

4 A I went through all the credit cards and I  
5 analyzed, looked at the end of the month for every  
6 credit card, and then I added them all up. So that  
7 on January 31st '02 I added up all the balances that  
8 were owed on the credit cards at that point in time.

9 Q So you basically just took the credit card  
10 statements and added the totals for each month, is  
11 that correct?

12 A Yes, except for sometimes the credit card  
13 statement might end on the 13th, so I actually had  
14 to go through and compute the credit card balances  
15 at the end of every month.

16 Q Okay. Now, you did a similar analysis as to the  
17 checking account, is that correct?

18 A Of the balance in the checking account?

19 Q Yes.

20 A No.

21 Q Well, did you review expenditures or checks  
22 written by the Blagojevichs?

23 A Yes.

24 Q Okay. And you basically looked at checking  
25 account or saving account statements monthly, is

1 that correct?

2 A That's correct.

3 q And then you just added those together, is that  
4 correct?

:15PM

5 A Added what together?

6 q Added the total expenditures or the total  
7 withdrawals?

8 A Oh, yes.

:16PM

9 q Is it fair to say based on your analysis of the  
10 credit cards and checking accounts, that the  
11 expenditures or the payments by Rod and Patricia  
12 Blagojevich were made by credit card or check?

13 A The payments were either made by credit card or  
14 check or debit card or occasionally a cash advance  
15 from a credit card.

:16PM

16 q These payments were easily traceable, by your  
17 analysis, is that correct?

18 A Yes.

:16PM

19 q Now, in your analysis of all the bills paid, did  
20 you find any bills paid by Tony Rezko?

21 A No.

22 q Did you see any of this credit card debt paid by  
23 Tony Rezko?

24 A No.

:17PM

25 MR. GOLDSTEIN: If I could have just one

1 moment.

2 (Brief pause).

3 BY MR. GOLDSTEIN:

4 Q Now, if we can go back to Chart 12 again and  
5 publish that.

6 Now, the bottom indicates the clothing.  
7 Based on your analysis, was any of this clothing  
8 paid for by the Friends of Blagojevich fund?

9 A No, this was all just from their personal funds.

10 Q Out of pocket from the Blagojevichs, is that  
11 correct?

12 A Yes.

13 Q And based on your analysis of the tax returns,  
14 was any of this clothing written off by the  
15 Blagojevichs?

16 A Not that I saw, no.

17 Q When I say "written off," did they indicate it as  
18 an expenditure?

19 A No, they didn't.

20 Q So they received no tax benefit from all the  
21 money that they paid for clothing, is that correct?

22 A That's correct.

23 Q Now, we spoke just briefly about any bills paid  
24 by Tony Rezko. Did you find in your analysis any  
25 bills paid by Lon Monk?

Schindler - redirect by Schar

3716

1 A Any bills of?

2 q Of the Blagojevichs.

3 A Of the Blagojevichs? No.

4 q Based on your analysis of all the bills and  
5 expenditures, did you find any bills paid by Chris  
6 Kelly?

7 A No.

8 MR. GOLDSTEIN: Nothing further.

9 MR. SCHAR: One moment.

10 (Brief pause).

11 REDIRECT EXAMINATION

12 BY MR. SCHAR:

13 q You were asked questions whether or not the  
14 Blagojevichs reported all their income on the tax  
15 returns?

16 A Yes.

17 q Are you aware one way or another that the  
18 Blagojevichs made the tax returns public?

19 A Yeah, I believe they were made public.

20 q So they didn't, from your analysis, they didn't  
21 underreport on the publicly disclosed tax returns?

22 A That's right.

23 MR. SCHAR: Nothing further.

24 MR. GOLDSTEIN: Nothing further. Thank you.

25 THE COURT: You may step down.

1 (Witness excused.)

2 MR. SCHAR: Judge, we would like to finish  
3 the publication of one call before the next witness.  
4 It would be behind tab 34 in Transcript Binder 1.

5 THE COURT: Members of the jury, I do want to  
6 inform you that each of you should have, I think, 3  
7 or 4 binders. Some of those binders you will not  
8 need them again and at the next break or at the end  
9 of the day we'll take them out of the box so the  
10 obstacle course would be reduced.

11 MR. SCHAR: Judge, for the record, I think  
12 the two binders we won't need anymore will be the  
13 chart binder and transcript binder 3, transcript 1  
14 and 2 we will still be using.

15 Judge, for the record, behind tab 34. A  
16 portion of the call was previously played yesterday,  
17 I believe yesterday, November 10, 2008, with the  
18 speakers being Rod Blagojevich, Fred Yang, Patti  
19 Blagojevich, Bill Quinlan, Bill Knapp, and Sosnik,  
20 we would ask to play 8 through page -- the top of  
21 page -- well, the bottom of Page 10, would be the  
22 portion that we did not play yesterday.

23 MR. S. ADAM, JR.: Your Honor, we object to  
24 playing this without a witness.

25 THE COURT: That objection is overruled.

williams - direct by Hamilton

3718

1           You can proceed.

2           (Tape played.)

3           MS. HAMILTON: Your Honor, at this time the  
4 government calls Robert williams.

:35PM

5           MS. HAMILTON: And, Judge, I will not be  
6 using the transcript binders. We, actually, won't  
7 be using them for the rest of the afternoon.

8           (Brief pause).

9           MS. HAMILTON: we call Robert williams.

:36PM

10          THE COURT: Face me and raise your right  
11 hand.

12          (Witness sworn.)

13          THE COURT: Please be seated.

14          ROBERT WILLIAMS, GOVERNMENT WITNESS, SWORN

:36PM

15                                 DIRECT EXAMINATION

16 BY MS. HAMILTON:

17 Q    Good afternoon.

18            Could you state and spell your name for the  
19 jury.

:36PM

20 A    Certainly. My name is Robert williams,  
21 R-o-b-e-r-t, w-i-l-l-a-m-s.

22 Q    Mr. williams, what city do you live in?

23 A    I live in Naperville, Illinois.

24 Q    What do you do for a living?

:36PM

25 A    I am currently the CFO of a financial services



Williams - direct by Hamilton

3719

1 company.

2 Q How long have you been there?

3 A Approximately 27 months.

4 Q Mr. Williams, briefly, what is your educational  
5 background?

6 A I have a B.A. degree from Macalester College and  
7 an M.B.A. from the University of Chicago.

8 Q Mr. Williams, are you testifying here today  
9 pursuant to an immunity order?

10 A Yes, I am.

11 Q What is your understanding of what that means?

12 A My understanding is that as long as I am truthful  
13 in what I say, that I cannot be prosecuted  
14 criminally for anything that I testify regarding  
15 today.

16 Q What's your understanding of what might happen to  
17 you if you do not testify truthfully?

18 A If I do not testify truthfully, I can be  
19 criminally prosecuted for perjury.

20 Q Mr. Williams, at some point in your career, did  
21 you work for a company called Rezmar?

22 A Yes, I did.

23 Q When did you work at Rezmar?

24 A From 1998 through 2007.

25 Q What was your position at Rezmar?

Williams - direct by Hamilton

3720

1 A I was the chief financial officer.

2 Q What is Rezmar?

3 A Rezmar Corporation was a real estate development  
4 company located here in Chicago.

5 Q Who were the owners of Rezmar when you worked  
6 there?

7 A Antoine Rezko and Daniel Mahru.

8 Q What were your duties as the CFO for Rezmar?

9 A I was responsible for overseeing the accounting  
10 function within the company, which included  
11 everything from trying to find construction  
12 financing for real estate developments that the  
13 company did, to reviewing checks that would  
14 ultimately be signed, to reviewing monthly financial  
15 statements for the company and the various entities  
16 that the company developed its projects under.

17 Q When you say the various entities that it  
18 developed its projects under, what do you mean?

19 A Rezmar would set up what is called a single  
20 purpose LLC, limited liability corporation, for each  
21 of its development projects.

22 And, typically, the ownership of those LLC's  
23 were Mr. Mahru and Mr. Rezko and then that entity  
24 would acquire the property that would then be  
25 developed into some kind of townhome or condominium

1 project.

2 Q And as CFO, what were your duties with respect to  
3 those individual entities or LLC's?

4 A I basically oversaw the accounting for each of  
5 those entities, as well; everything from, again,  
6 reviewing receipts and disbursements for those  
7 entities.

8 I also would be involved with the financial  
9 institutions at the banks that did the lending, the  
10 construction lending for those projects. I  
11 typically on a periodic, usually monthly basis,  
12 submitted some kind of a draw to each of those  
13 companies -- excuse me, each of those banks, because  
14 it was the banks that finance the actual  
15 construction. So each month we would typically  
16 submit a package to the banks asking them to fund  
17 the activity or the work that had been done at the  
18 project for the prior month.

19 Q And is that what you mean when you use the word  
20 "draw"?

21 A Yes.

22 Q What you just described in terms of your duties  
23 with respect to the individual entities or LLC's, is  
24 that one of the ways that you were aware of the  
25 various projects that were under way at Rezmar at

Williams - direct by Hamilton

3722

1 any given time?

2 A Yes, it is.

3 Q Were there other ways that you were aware of the  
4 projects that Rezmar had going at any given time?

5 A We, typically, as a company had development  
6 meetings on a periodic basis. We attempted to have  
7 them weekly, usually had them at least every other  
8 week.

9 Those meetings would include people from the  
10 construction company that we used. We had a captive  
11 construction company again owned by Mr. Mahru and  
12 Rezko that would act as the general contractor for  
13 each of the projects that we developed.

14 We had a marketing team that would actually  
15 market, hire people to be on-site at the different  
16 projects to sell the townhomes or the condominiums  
17 that were being developed at the project.

18 We had a legal department that would be part  
19 of these meetings. And we also had project  
20 managers, more often than not, that would be part of  
21 these periodic meetings.

22 Q I want to break those down a little bit.

23 One of the phrases you used in your answer  
24 was you said a captive construction company, what do  
25 you mean by that?

Williams - direct by Hamilton

3723

1 A Mr. Mahru and Mr. Rezko set up a company called  
2 Chicago Construction Services and Chicago  
3 Construction Services served as the general  
4 contractor for the projects that it developed. And  
5 Chicago Construction Services was responsible for  
6 obtaining contracts with each of subcontractors that  
7 would then do the actual work of building the  
8 townhomes or the condominiums in the given projects.

9 Q You also talked about a marketing team, is that  
10 right?

11 A Yes.

12 Q What was that?

13 A We had an individual responsible for the  
14 marketing, a vice president of marketing for the  
15 company, and then we also hired staff to actually  
16 sit at the projects as they're being built, and one  
17 of the first things we would do is build a model  
18 home or put a model trailer at the site, and these  
19 people were responsible for selling the homes to  
20 individuals that came by and wanted to see what the  
21 project would eventually be.

22 Q And you said you hired staff. Was this staff  
23 Rezmar employees?

24 A They became Rezmar employees, yes.

25 Q You also mentioned project managers?

Williams - direct by Hamilton

3724

1 A Yes.

2 Q What did you mean by that?

3 A A project manager was somebody who handled the  
4 work on a given job other than more likely than not  
5 the marketing and construction.

6 They coordinated with the vice president and  
7 the marketing and the vice president of  
8 construction, but their job dealt with everything  
9 from dealing with community groups that were in the  
10 area and making certain that the community groups  
11 were up to speed with what was being planned and  
12 sometimes placating the community groups in the  
13 area. In other cases they dealt with the city, you  
14 know, personnel at the city who were responsible for  
15 ultimately approving zoning of the project. So they  
16 had, typically, any number of different  
17 responsibilities other than the construction and the  
18 marketing for the project.

19 Q So, Mr. Williams, the reason that you were  
20 talking about the construction team, the marketing  
21 team, the project managers, is because you were  
22 talking about the development meetings, is that  
23 right?

24 A Yes.

25 Q So, generally, what was discussed at the

Williams - direct by Hamilton

3725

1 development meetings where these groups and yourself  
2 would get together?

3 A We would typically go through each of the  
4 projects to discuss the various aspects of each of  
5 them. Where were we at in the zoning process, for  
6 instance; where were we at in the construction  
7 process; how was the marketing going; how many units  
8 have we sold in the prior week; what was the traffic  
9 at the given project in the prior week.

10 We tried to make certain that we would not  
11 only discuss projects that were currently ongoing,  
12 but we'd also discuss projects that were on the  
13 horizon, if you will; sites that we might be  
14 investigating to do future developments on.

15 Q Mr. Williams, do you know Patti Blagojevich?

16 A Yes, I do.

17 Q How do you know Mrs. Blagojevich?

18 A I met Mrs. Blagojevich a number of times in the  
19 Rezmar office.

20 Q Did you meet her through any particular Rezmar  
21 project?

22 A I first came to know Mrs. Blagojevich about the  
23 time that Rezmar acquired a site on Irving Park Road  
24 here in Chicago.

25 Q And approximately when was that?

Williams - direct by Hamilton

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1 A That was December of 2002 when we actually  
2 acquired the site.

3 Q Did Mrs. Blagojevich work through a company?

4 A Yes, she did. She worked through a company  
5 called River Realty, Inc.

6 Q And you mentioned that you met her through Rezmar  
7 actually acquiring a property, is that right?

8 A Yes.

9 Q Through the course of your work as CFO with  
10 Rezmar, did you learn that as part of the closing of  
11 that property, that Mrs. Blagojevich was paid?

12 A Yes.

13 Q How did you learn that?

14 A Well, as part of the acquisition process, I had  
15 the opportunity to review the closing statement and  
16 noticed that River Realty, Inc., was one of the  
17 brokerage companies that was paid as part of the  
18 closing as part of our acquisition, Rezmar's  
19 acquisition of the property.

20 Q With the review of the records, was she paid by  
21 the seller or was she paid by Rezmar as part of the  
22 closing documents?

23 A It was my interpretation of the closing documents  
24 she was paid by the seller.

25 Q Now, prior to the actual closing of the deal, had



Williams - direct by Hamilton

3727

1 you also learned about Mrs. Blagojevich's  
2 involvement in this project through some of the  
3 development meetings you just described?

4 A Yes.

5 q Through your review of the closing documents,  
6 approximately how much was Mrs. Blagojevich paid by  
7 the seller as part of Rezmar's acquisition of that  
8 property in December of 2002?

9 A The commission paid to River Realty, Inc., was  
10 approximately \$40,000.

11 q Now, around the time of the closing in December  
12 of 2002, did Mr. Rezko come to you and request  
13 anything?

14 A Yes, he did.

15 q What did he ask you?

16 A He came to me asking me to review a real estate  
17 brokerage agreement that provided for an additional  
18 commission to be paid to River Realty, Inc.

19 MS. HAMILTON: Your Honor, may I approach?

20 THE COURT: You may.

21 MS. HAMILTON: I'm going to show the witness  
22 what is marked Government Exhibit 2001 Contract.

23 (Brief pause)

24 MS. HAMILTON:

25 q Mr. Williams, do you recognize Government

Williams - direct by Hamilton

3728

1 Exhibit 2001 Contract?

2 A Yes, I do.

3 Q What is this?

4 A This is a brokerage agreement, a Chicago  
5 Association of Realtors MLS brokerage agreement  
6 between Rezmar Corporation and River Realty, Inc.

7 Q Is this a copy of the document you just testified  
8 Mr. Rezko showed you in connection with paying a  
9 commission to Mrs. Blagojevich?

10 A Yes, it is.

11 MS. HAMILTON: Your Honor, I move for the  
12 admission of Government Exhibit 2001 Contract.

13 THE COURT: Without objection, admitted.  
14 (Government's Exhibit 2001 Contract was  
15 received in evidence.)

16 MS. HAMILTON: I ask permission to publish?

17 THE COURT: You may.

18 (Exhibit published to the jury.)

19 BY MS. HAMILTON:

20 Q Do you see the top of the contract?

21 A Yes.

22 Q We'll try to blow it up for the jury, as well.

23 What is it that line number 14 reflects?

24 A It states that the term of the agreement shall be  
25 from February 1, 2001 until February 1, 2003.

Williams - direct by Hamilton

3729

1 Q Now, you said that Mr. Rezko came to you in  
2 approximately December of 2002, is that correct?

3 A Yes.

4 Q Prior to Mr. Rezko showing you this contract in  
5 December of 2002, had you seen this contract before?

6 A No, I had not.

7 Q Were you aware this contract existed?

8 A No, I was not.

9 Q Aside from this contract between Rezmar and River  
10 Realty, were you aware of Rezmar having entered into  
11 a similar kind of contract with any other brokerage  
12 firm or entity?

13 A No, I was not.

14 Q And after this time, December of 2002, were you  
15 aware of Rezmar entering into a similar contract  
16 with any other entity?

17 A No, this contract was unique.

18 Q I want to direct your attention now to the last  
19 page of the document.

20 what does the last page of this document  
21 reflect?

22 A It reflects the compensation structure that will  
23 be followed pursuant to the agreement.

24 Q And did you use this as part of calculating the  
25 commission to be paid to River Realty as requested

Williams - direct by Hamilton

3730

1 by Mr. Rezko?

2 A Yes, this contract included a sliding scale, as I  
3 referred to it, compensation whereby based upon the  
4 purchase price of the asset acquired, the  
5 compensation paid from Rezmar to River Realty  
6 varied.

7 Q So how is it that you compensated the commission  
8 that Rezmar was going to pay to River Realty as part  
9 of its acquisition of this property?

10 A The acquisition price of the property on Irving  
11 Park Road was slightly less than \$4 million, as I  
12 recall. And at the time I then, pursuant to this  
13 agreement, took the purchase price and multiplied it  
14 by the 2 percent since it fell within the  
15 one-million-one dollar to four-million-dollar range  
16 and multiplied the 2 percent times the purchase  
17 price and determined that the commission to be paid  
18 was, I believe, \$79,303.

19 MS. HAMILTON: Your Honor, may I approach  
20 again?

21 THE COURT: You may.

22 MS. HAMILTON: I'm going to show the witness  
23 Government Exhibit 12/17/02 check.

24 BY MS. HAMILTON:

25 Q Mr. Williams, do you recognize that?

Williams - direct by Hamilton

3731

1 A Yes, I do.

2 MS. HAMILTON: Your Honor, actually this is  
3 already in evidence, so I ask permission to publish  
4 it.

5 THE COURT: Leave is granted.

6 (Exhibit published to the jury.)

7 BY MS. HAMILTON:

8 Q What is this?

9 A This is a check drawn on Rezmar Corporation  
10 account payable to River Realty, Inc., in the amount  
11 of \$79,303 dated December of 2002.

12 Q And this is the check that you wrote?

13 A Yes.

14 Q And is this your signature?

15 A Yes, it is.

16 Q Now, you indicated that the closing documents  
17 reflected that the seller paid Mrs. Blagojevich a  
18 commission fee, as well, is that right?

19 A Yes, it is.

20 Q Now, this commission fee was paid outside of  
21 those documents?

22 A Yes, it was.

23 Q Was that, in your experience, typical or not  
24 typical for closings?

25 A It was not typical.

Williams - direct by Hamilton

3732

1 q Did you have any understanding, based upon what  
2 Mr. Rezko told you, as to why it was there was a  
3 second commission paid to Mrs. Blagojevich's company  
4 outside of the closing documents?

5 A Nothing other than the contract that he showed  
6 me.

7 q Mr. Williams, after that December 2002 check we  
8 just looked at in connection with the Irving Park  
9 project, did there come a time when Mr. Rezko  
10 directed you to write another check to River Realty?

11 A Yes, it was.

12 q And approximately when was that?

13 A Approximately August of 2003.

14 q What is it that Mr. Rezko said to you at that  
15 time?

16 MR. GILLESPIE: Objection; foundation.

17 BY MS. HAMILTON:

18 q Where did the conversation with Mr. Rezko take  
19 place?

20 A In the Rezmar offices.

21 q Was anyone else there?

22 A No, it was Mr. Rezko and me.

23 q What is it that Mr. Rezko said to you at that  
24 time?

25 A He came to me saying that he wanted to try to get

Williams - direct by Hamilton

3733

1 a check to Mrs. Blagojevich in the proximate amount  
2 of \$15,000.

3 q Did he say why?

4 A No.

5 q What was your response?

6 A I told him that I would try to see how we might  
7 be able to relate a payment to Mrs. Blagojevich's  
8 company in the proximate amount of \$15,000 because  
9 he had said that he wanted to get the payment to her  
10 but have it related to one of the projects.

11 q To your knowledge, had Mrs. Blagojevich worked on  
12 any projects that had closed around that time?

13 A No.

14 q Other than the Irving Park project that we just  
15 talked about, were you aware of her working on any  
16 other Rezmar related projects between December  
17 of 2002 and August of 2003?

18 A I was not.

19 q So what was your response to Mr. Rezko's request?

20 A I told him that I would review the activity at  
21 the different projects for Rezmar that were going on  
22 at the time and try to determine if there was a way  
23 to relate a check in the approximate amount to one  
24 of the projects and I would get back to him.

25 q After you told Mr. Rezko that, what do you do?

Williams - direct by Hamilton

3734

1 A I went back and looked at a couple of different  
2 projects that we had and noticed that there had  
3 recently been a closing at a project of ours that's  
4 called St. John's Park that was owned by an LLC  
5 called 850 North Ogden, LLC.

:55PM

6 Q And what did you do?

7 A The contract price that we had received at the  
8 closing when multiplied by 2 1/2 percent provided a  
9 commission that was in the range of \$15,000, and 2  
10 1/2 percent was a common co-op brokerage commission  
11 amount that Rezmar paid in its given projects when  
12 there was a co-op broker involved.

:56PM

13 Q To your knowledge, Mr. Williams, had  
14 Mrs. Blagojevich or River Realty been involved in  
15 any way in the sale of that unit?

:56PM

16 A No.

17 Q To your knowledge, did Mrs. Blagojevich or River  
18 Realty have any affiliation with the 850 Ogden, LLC,  
19 at all?

:56PM

20 A I do not believe she did.

21 Q What did you do next?

22 A Once I determined that the 2 1/2 percent of the  
23 sales price for the unit that had closed  
24 approximated the \$15,000, I went back to Mr. Rezko  
25 and made mention of that fact to him, and based upon

:57PM



Williams - direct by Hamilton

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1 that discussion he then asked me to prepare a check  
2 or have a check prepared in that amount payable to  
3 River Realty, Inc., or drawn upon the 850 North  
4 Ogden, LLC, project.

:57PM

5 q what did you do next?

6 A Based upon his agreement to prepare the check, I  
7 went and asked my staff to prepare a check in the  
8 amount of approximately \$15,000 payable to River  
9 Realty, Inc., drawn on the 850 North Ogden account.

:57PM

10 q And, sir, why did you do that if it was your  
11 understanding that Mrs. Blagojevich and River Realty  
12 had actually not been involved in the sale of that  
13 unit at all?

14 A Because Mr. Rezko had asked me to do so.

:58PM

15 MS. HAMILTON: Your Honor, at this time I  
16 would ask to publish what is already in evidence as  
17 Government Exhibit 8/27/03 check.

18 THE COURT: Yes.

:58PM

19 MS. HAMILTON: And I'd ask permission to  
20 approach the witness and provide a copy.

21 THE COURT: You may.

22 (Exhibit published to the jury.)

23 BY MS. HAMILTON:

:58PM

24 q Sir, the copy is not great, but do you recognize  
25 that check?

Williams - direct by Hamilton

3736

1 A Yes, I do.

2 Q And what is that?

3 A It's a check drawn upon 850 North Ogden, LLC, in  
4 the amount of \$14,369.50 in August of 2003 payable  
5 to River Realty, Inc.

6 Q And is this the check that you drafted based upon  
7 the directive that you just testified about?

8 A Yes, it is.

9 Q Now, the signature on the check, whose signature  
10 is that?

11 A That's Mr. Rezko's signature.

12 Q Why is it that you didn't sign this check?

13 A Once the check was prepared, I went back to  
14 Mr. Rezko and gave him the check and asked him to  
15 sign the check because I told him I did not believe  
16 it was appropriate to sign the check.

17 Q After you gave the check to Mr. Rezko and told  
18 him that, what happened next?

19 A The check was signed and I believe through either  
20 Mr. Rezko directly or through his assistant it was  
21 provided to Mrs. Blagojevich.

22 Q How did you account for this check in Rezmar or  
23 its affiliated LLC's records?

24 A The check was accounted for as a commission  
25 expense in the books of 850 North Ogden, LLC.

Williams - direct by Hamilton

3737

1 q why was it reported in that way?

2 A It was reported in that way at the direction of  
3 Mr. Rezko with my concurrence because it was  
4 purportedly a commission for that project.

5 q Was that accurate?

6 A No, it was not.

7 q After that August of 2003 check to River Realty,  
8 did Mr. Rezko come to you again about writing a  
9 check to River Realty?

10 A Yes, he did.

11 q When was the next time Mr. Rezko directed you to  
12 write a check to River Realty?

13 A Approximately October of 2003.

14 q And where did that conversation take place?

15 A In the Rezmar offices.

16 q At that time, in October of 2003, what did  
17 Mr. Rezko say to you?

18 A He came to me and asked me to prepare a check to  
19 River Realty in the amount of \$12,000 and stated  
20 that Mrs. Blagojevich was going to be doing some  
21 consulting work on behalf of Rezmar Corporation  
22 pursuant to an agreement that provided for her to be  
23 paid \$12,000 a month.

24 q Did he give you a copy of the signed agreement?

25 A No, he did not.

Williams - direct by Hamilton

3738

1 q Did he ever show you a copy of the signed  
2 agreement?

3 A I do not believe Mr. Rezko showed me a copy of  
4 the signed agreement. I believe I saw a draft of  
5 the agreement at one time, but I did not receive it  
6 from Mr. Rezko, I do not believe.

7 q After that discussion in October of 2003 with  
8 Mr. Rezko, what did you do?

9 A I had a check prepared in the amount of \$12,000  
10 payable to River Realty, Inc., and I signed the  
11 check and I believe gave it to either Mr. Rezko or  
12 his assistant.

13 MS. HAMILTON: Your Honor, at this time I'd  
14 ask permission to publish what's already in evidence  
15 as Government Exhibit \$12,000 check.

16 THE COURT: You may do so.

17 MS. HAMILTON: And ask permission to approach  
18 the witness and provide a copy.

19 THE COURT: You may do that, too.

20 (Exhibit published to the jury.)

21 THE COURT: For your information, we'll be  
22 taking a break shortly.

23 BY MS. HAMILTON:

24 q Mr. Williams, directing your attention to the  
25 first page of that document, what is that?

Williams - direct by Hamilton

3739

1 A The first page of the document is a check drawn  
2 on Rezmar Corporation account payable to River  
3 Realty, Inc., in the amount of \$12,000 dated  
4 October 3, 2003.

:02PM 5 q And that's your signature, sir?

6 A Yes, it is.

7 q When did you draft this check in relation to  
8 Mr. Rezko's directive to you that Mrs. Blagojevich  
9 should start to receive \$12,000 payments?

:02PM 10 A I believe it was the same day.

11 q The next check in the exhibit, what is that, sir?

12 A It's another check drawn on a Rezmar corporation  
13 account that I signed dated November 4, 2003, in the  
14 amount of \$12,000 payable to River Realty, Inc.

:03PM 15 q And, again, was this at Mr. Rezko's directive?

16 A Yes, it was.

17 q The next page, sir, what is that?

18 A Another check made payable to River Realty, Inc.,  
19 on a Rezmar Corporation account dated December 3,  
20 2003, in the amount of \$12,000 that I signed.

:03PM

21 q And, again, was this at Mr. Rezko's directive?

22 A Yes.

23 q The next check, what's that?

24 A A check on a Rezmar Corporation account payable  
25 to River Realty, Inc., dated January 7, 2004, in the

:03PM

Williams - direct by Hamilton

3740

1 amount of \$12,000 that I signed.

2 Q And is it, again, at Mr. Rezko's directive?

3 A Yes.

4 Q The next check, what's that?

:03PM

5 A A check again in the amount of \$12,000 to River  
6 Realty, Inc., on a Rezmar Corporation account that I  
7 signed dated February 5th, 2004.

8 Q And, again, that was also at Mr. Rezko's  
9 directive?

:04PM

10 A Yes.

11 Q The next page, what does that reflect?

12 A Another check in the amount of \$12,000 payable to  
13 River Realty, Inc., in the amount -- excuse me,  
14 dated March 4, 2004, drawn on a Rezmar account.

:04PM

15 Q Also at Mr. Rezko's request?

16 A Yes.

17 Q The next page, sir, what does that reflect?

:04PM

18 A A 12-thousand-dollar check drawn on the Rezmar  
19 Corporation account payable to River Realty, Inc.,  
20 dated April 1, 2004, in the amount of \$12,000 that I  
21 signed.

22 Q And this was again at Mr. Rezko's direction?

23 A Yes.

:04PM

24 Q And the final check in that exhibit, what does  
25 that reflect?

Williams - direct by Hamilton

3741

1 A A check dated May 3, 2004, in the amount of  
2 \$12,000 payable to River Realty, Inc., drawn on  
3 Rezmar Corporation account that I signed.

4 Q And that was at Mr. Rezko's directive?

5 A Yes.

6 Q And was that the last 12-thousand-dollar check  
7 that you drafted and signed to River Realty?

8 A Yes, it was.

9 MS. HAMILTON: Judge, you want to break now?

10 THE COURT: 15 minutes.

11 THE MARSHAL: All rise.

12 (The following proceedings were had out of  
13 the presence of the jury in open court:)

14 THE COURT: You may step down.

15 Court is in recess.

16 (Recess.)

17 THE MARSHAL: All rise.

18 (The following proceedings were had in the  
19 presence of the jury in open court:)

20 THE COURT: Please be seated.

21 You may resume.

22 MS. HAMILTON: Thank you, Your Honor.

23 BY MS. HAMILTON:

24 Q Mr. Williams, just before the break we had gone  
25 through eight \$12,000 checks that you wrote to River

Williams - direct by Hamilton

3742

1 Realty from October of 2003 to May of 2004.

2 How did you record those checks in Rezmar's  
3 records?

4 A They were recorded as a consulting expense in the  
5 books of Rezmar Corporation.

6 Q Why did you report them as consulting expenses?

7 A The checks were written pursuant to the  
8 consulting agreement and so with the concurrence of  
9 Mr. Rezko and Mahru we considered them to be  
10 consulting expense for the company.

11 Q During that time period, October 2003 through May  
12 of 2004, were you aware of any projects that  
13 Mrs. Blagojevich or River Realty were consulting on?

14 A I was not.

15 Q At the regular meetings that you attended at  
16 Rezmar during that time period, did you hear  
17 anything come up regarding a project or a project on  
18 the horizon involving Mrs. Blagojevich or River  
19 Realty?

20 A I do not recall any.

21 Q Was Mrs. Blagojevich ever at any of those weekly  
22 meetings?

23 A No, she was not.

24 Q Did you have any interaction with  
25 Mrs. Blagojevich during that time period,



1 October 2003 through May of 2004?

2 A I saw her periodically in the office during that  
3 time frame.

4 Q When you say periodically, how often would you  
5 see Mrs. Blagojevich in the Rezmar's offices during  
6 that time period?

7 A Might be once a month, maybe twice.

8 Q When she came to Rezmar, did she have an office?

9 A She did not.

10 Q Would she come alone or would she have her  
11 children with her?

12 A She often had her children with her.

13 Q When Mrs. Blagojevich came to Rezmar the times  
14 that you saw her, did you typically see her  
15 interacting with the same person?

16 A Typically when she was in our office, she was  
17 with Mr. Rezko.

18 Q Were you aware of any new projects that were  
19 started by Rezmar during that time period, October  
20 2003 through May of 2004?

21 A No.

22 Q Now, you've indicated the last check that you  
23 wrote to River Realty based upon the consulting  
24 agreement Mr. Rezko told you about was in May of  
25 2004, is that right?

Williams - direct by Hamilton

3744

1 A Yes.

2 q why is it that the 12-thousand-dollar check  
3 stopped at that time?

4 A Mr. Rezko informed me that we would not be  
5 writing anymore checks to Mrs. Blagojevich's company  
6 after that May 2004 check.

7 q Now, during that period of time that you were  
8 writing the 12-thousand-dollar checks, did Mr. Rezko  
9 direct you to issue another check to River Realty  
10 for Mrs. Blagojevich?

11 A Yes, he did.

12 q When was that?

13 A In January 2004.

14 q What happened at that time?

15 A Mr. Rezko came to me with a check from Chicago  
16 Title and Trust, I believe, made payable to Rezmar  
17 Realty in the amount of \$40,000, and he asked that I  
18 deposit that check into a Rezmar Corporation account  
19 and in return write a check to River Realty, Inc.,  
20 in the same 40-thousand-dollar amount.

21 MS. HAMILTON: Your Honor, may I approach?

22 THE COURT: You may.

23 MS. HAMILTON: I'm going to show the witness  
24 what's marked as Government Exhibit 01/21/04 Check  
25 2.

Williams - direct by Hamilton

3745

1 BY MS. HAMILTON:

2 Q Do you recognize that document?

3 A Yes, I do.

4 Q What is that?

5 A It's a check drawn on Chicago Title and Trust  
6 Company in the amount of \$40,000 made payable to  
7 Rezmar Realty.

8 Q Is this the check that you just testified about  
9 that Mr. Rezko gave to you in January of 2004?

10 A Yes, it is.

11 MS. HAMILTON: Your Honor, I'd ask for the  
12 admission of Government Exhibit 01/21/04, Check 2.

13 MR. S. ADAM, JR.: No objection.

14 THE COURT: Admitted.

15 (Government's Exhibit 01/21/04, Check 2 was  
16 received in evidence.)

17 MS. HAMILTON: And I'd ask to publish. I'm  
18 just going to publish the top portion of the  
19 document.

20 THE COURT: Leave is granted.

21 (Exhibit published to the jury.)

22 BY MS. HAMILTON:

23 Q Mr. Williams, focusing on that top portion of the  
24 document, what does that reflect?

25 A It's information provided by the title company

Williams - direct by Hamilton

3746

1 basically describing the parties to the agreement,  
2 the property address related to the transaction and  
3 the amount of the check.

4 Q The buyer on here is listed as Lake and Aberdeen,  
5 LLC, was that a Rezmar related entity?

6 A No, it was not.

7 Q Do you know anything about Lake and Aberdeen,  
8 LLC?

9 A No, I do not.

10 Q The seller was listed as 1101 West Lake Street,  
11 LLC, is that a Rezmar related LLC?

12 A No, it is not.

13 Q Do you know anything about that LLC?

14 A No, I do not.

15 Q Is it fair to say, Mr. Williams, from your  
16 knowledge, did this check have anything to do with  
17 any Rezmar related entity LLC or project?

18 A I do not believe that it does.

19 Q And you indicated the check itself was written  
20 out to Rezmar Realty, is that right?

21 A Yes, it is.

22 Q Is that an entity that existed at this time as  
23 far as you knew?

24 A No.

25 Q After Mr. Rezko gave you this 40-thousand-dollar

Williams - direct by Hamilton

3747

1 check to Rezmar Realty, what did you do?

2 A As he requested, we deposited this check into a  
3 Rezmar Corporation bank account and then in return  
4 we prepared a check made payable to River Realty,  
5 Inc., in the amount of \$40,000.

6 MS. HAMILTON: Your Honor, at this time I'd  
7 ask permission to publish what's already in evidence  
8 as Government Exhibit 1/22/04 check.

9 THE COURT: Granted.

10 (Exhibit published to the jury.)

11 MS. HAMILTON: And may I approach to give the  
12 witness a copy?

13 THE COURT: You may.

14 BY MS. HAMILTON:

15 Q And, Mr. Williams, you're welcome to look at the  
16 screen if that's easier for you, as well.

17 What is it we're looking at here?

18 A We're looking at a check in the amount of \$40,000  
19 dated January 22, 2004, drawn on a Rezmar  
20 Corporation account payable to River Realty, Inc.,  
21 that I signed.

22 Q And is this the check that you indicated you  
23 wrote at Mr. Rezko's direction in relation to the  
24 Rezmar Realty check that we looked at?

25 A Yes, it is.

1 q How is it that you accounted for this check in  
2 the Rezmar records?

3 A The check had no net effect in the Rezmar  
4 records. Because of the check that we received, we  
5 received a 40-thousand-dollar check and in return  
6 wrote a 40-thousand-dollar check, so our cash  
7 balance increased and then decreased and because I  
8 was not aware of any entity on Lake Street that had  
9 anything to do with Rezmar, we simply reflected it  
10 as having no effect on Rezmar's books.

11 q What did you do with this check after you wrote  
12 it?

13 A I believe I gave it to Mr. Rezko or his  
14 assistant.

15 q Now, at around the same time as the writing of  
16 this 40-thousand-dollar check, were you aware that  
17 the Blagojevichs owed subcontractors money in  
18 relation to work that had been done on their home?

19 A Yes, I was.

20 q And were these subcontractors that had a  
21 relationship with Rezmar?

22 A Yes, they were.

23 q And at around the same time, January 22, 2004,  
24 did you receive a copy of a document outlining the  
25 amount of money that the Blagojevichs owed to those

Williams - direct by Hamilton

3749

1 subcontractors?

2 A Yes, I did.

3 MS. HAMILTON: Your Honor, may I approach?

4 THE COURT: You may.

5 MS. HAMILTON: I'm going to show Government  
6 Exhibit 1/22/04 Subcontractors.

7 BY MS. HAMILTON:

8 Q Do you recognize that document?

9 A Yes, I do.

10 Q What is this document?

11 A It is a summary of work or at least a summary of  
12 the subcontractors by trade for the work being done  
13 at 2934 Sunnyside and the amounts that those  
14 subcontractors are owed, had been paid and  
15 ultimately are to be paid.

16 Q Did you receive a copy of this document at or  
17 around the date indicated there, January 22nd, 2004?

18 A Yes, I believe I did.

19 MS. HAMILTON: Your Honor, we move for the  
20 admission of Government Exhibit 1/22/04  
21 Subcontractors.

22 THE COURT: Admitted.

23 (Government's Exhibit 1/22/04

24 Subcontractors was received in evidence.)

25 MS. HAMILTON: May I publish?

williams - direct by Hamilton

3750

1 THE COURT: You may.

2 (Exhibit published to the jury.)

3 MS. HAMILTON: I need to do it on the Elmo.

4 BY MS. HAMILTON:

:34PM

5 q All right. Before I zoom in, what is it that  
6 we're looking at, Mr. Williams?

:35PM

7 A This is a list by trade; in other words, by the  
8 type of work that was done, for the subcontractors  
9 that were engaged, working on the residence at 2934  
10 Sunnyside showing the total amount of the contract  
11 that they were expected to be paid, as well as an  
12 amount that had been paid as of the date the  
13 schedule had been prepared, as well as the total  
14 remaining balance or balance due.

:35PM

15 And there's a column that shows this request,  
16 which I interpret to be the amount to be paid at  
17 that time to the various subcontractors, and then  
18 finally a future balance; in other words, an amount  
19 remaining to be paid to the subcontractors after  
20 this request amount is paid.

:35PM

21 q There's handwriting at the bottom that says "this  
22 copy given to Patti B. and Bob, 1/22/04," do you  
23 recognize that handwriting?

24 A Yes.

:36PM

25 q whose handwriting is that?



Williams - direct by Hamilton

3751

1 A That's Ken Haldeman's handwriting.

2 Q Who is he?

3 A Ken Haldeman was our vice president of  
4 construction working with Chicago Construction  
5 Services and Rezmar at the time.

6 Q And had he given you a copy of this at or around  
7 January 22nd of 2004?

8 A Yes.

9 Q All right. I'm going zoom in, then.

10 The subcontractors listed, what is the first  
11 one?

12 A Demos painting.

13 Q And is that a subcontractor that worked with  
14 Rezmar?

15 A Yes, it is.

16 Q And it was your understanding that they had done  
17 work at the Blagojevich home?

18 A Yes, it was.

19 Q And the next one is also Demos, what is the next  
20 one?

21 A Edon.

22 Q And what is that?

23 A Edon was a carpentry company.

24 Q And was it your understanding that that Rezmar  
25 related subcontractor had done work on the

Williams - direct by Hamilton

3752

1 Blagojevich home?

2 A Yes, it was.

3 q And the next one?

4 A Abco.

:36PM

5 q What is that?

6 A It's short for Abco Electric, they were an  
7 electrical contractor.

8 q And was it your understanding that that Rezmar  
9 related subcontractor had done work on the

:37PM

10 Blagojevich home?

11 A Yes, it was.

12 q What is the next one listed?

13 A Isokern. Isokern was a company that Rezmar used  
14 primarily for fireplaces, for ventless fireplaces in  
15 the townhomes that we built.

:37PM

16 q Was it your understanding that Isokern was Rezmar  
17 related subcontractor that had done work on the  
18 Blagojevich home?

19 A Yes, it was.

:37PM

20 q And what is the next one?

21 A Minooka.

22 q And what is that?

23 A I'm not as familiar as Minooka as the others on  
24 this list, but they had done work, to the best of my  
25 recollection, for Rezmar projects.

:37PM

Williams - direct by Hamilton

3753

1 Q And what about the next one?

2 A Siegel's.

3 Q What's that?

4 A Siegel's was a supply company. They supplied  
5 doors, trim, and such for houses, townhouses, or  
6 condominiums.

7 Q And the next one?

8 A Regal Flooring.

9 Q What was that?

10 A Primarily a hardwood flooring company but they  
11 also did tile work for Rezmar.

12 Q Was it your understanding that Regal Flooring had  
13 done work on the Blagojevich home?

14 A Yes.

15 Q What is the next one?

16 A SCE.

17 Q What is that?

18 A SCE, Ltd, was a company that worked with Rezmar  
19 and provided shelving.

20 Q What is the next one?

21 A RayWray.

22 Q What is RayWray?

23 A I characterize them as a carpentry company who  
24 did fine carpentry work, special inserts, if you  
25 will, above fireplaces, things of that nature.

Williams - direct by Hamilton

3754

1 q Was it your understanding that they had done work  
2 on the Blagojevich home?

3 A Yes, it was.

4 q The next one is Advance, what is that?

:38PM

5 A Advance welding, a company that Rezmar used on  
6 its projects for ornamental railing and other steel  
7 type work.

8 q Was it your understanding that Advance had done  
9 work on the Blagojevich home?

:39PM

10 A Yes, it was.

11 q And then the final one is Squeaky Clean, what's  
12 that?

13 A Squeaky Clean was a cleaning company that we used  
14 in our projects.

:39PM

15 q And I want to move over now, you said this  
16 request, again what was it that this request  
17 indicated?

18 A This request indicated, in my opinion, the amount  
19 to be paid to the various subcontractors at that  
20 time.

:39PM

21 q And I'll zoom out.

22 At that time, this document, what is the date  
23 at the top?

24 A January 22, 2004.

:39PM

25 q And what was the total amount for this request as

Williams - direct by Hamilton

3755

1 of January 22, 2004?

2 A \$39,966.68.

3 q Mr. Williams, through your work with and in  
4 relationship with Mr. Rezko, did you know Chris  
5 Kelly?

6 A Yes, I did.

7 q Did you see him at the Rezmar offices?

8 A Frequently.

9 q When you say frequently, approximately how often  
10 would you see him at the Rezmar offices?

11 A Typically weekly, oftentimes daily, sometimes  
12 more than once a day.

13 q At sometime did Mr. Rezko approach you about the  
14 fact that he needed to get money to Mr. Kelly?

15 A Yes, he did.

16 q When was that?

17 A In I believe it was about November of 2005, he  
18 came to me saying that he needed to help Chris and  
19 get some money to Chris. And he presented me a time  
20 with an invoice in the amount of I believe it was  
21 \$187,000 payable to Century Roof Consultants and  
22 payable by an entity that was called, I believe,  
23 Roosevelt Clark, LLC.

24 q What was Century Roof Consultants as far as you  
25 knew?

Williams - direct by Hamilton

3756

1 A A company that I was not familiar with.

2 Q And this invoice, had you ever seen this invoice  
3 before?

4 A Not before Mr. Rezko showed it to me.

:41PM

5 Q And what was it that Mr. Rezko asked you to do  
6 with this invoice?

7 A He wanted it to be paid.

8 Q What was your response?

:41PM

9 A My response to him was that the entity that the  
10 invoice was directed to did not exist, as far as I  
11 knew, and that the company did not have the funds to  
12 pay the invoice at that time.

13 Q So what happened next?

:42PM

14 A Mr. Rezko took the invoice back and to the best  
15 of my recollection said we would revisit the issue  
16 again.

17 Q And was the issue revisited?

18 A Yes, it was.

19 Q And, ultimately, what happened?

:42PM

20 A Ultimately, and I believe it was March of 2006,  
21 there were six different payments made to Century  
22 Roof Consultants for approximately same \$187,000.

23 Q Did Mr. Rezko ever tell you why it was that he  
24 needed to get that amount of money to Mr. Kelly?

:42PM

25 A No, he did not. After repeated attempts for me

williams - cross by S. Adam, Jr.

3757

1 to find out, he never did.

2 MS. HAMILTON: Nothing further.

3 CROSS EXAMINATION

4 BY MR. S. ADAM, JR.:

5 Q Good afternoon, Mr. Williams.

6 A Hello, sir.

7 Q How are you?

8 A I'm all right. Thank you.

9 Q Now, Mr. Williams, you testified to a number of  
10 things here regarding Tony Rezko and Rezmar  
11 Corporation, is that correct?

12 A Yes, sir.

13 Q And you were familiar and actually worked with  
14 Mr. Rezko himself from 1998 to approximately 2007,  
15 is that correct?

16 A Yes, sir.

17 Q And in 1998 did you start off as being a CFO for  
18 Rezmar?

19 A Yes, I did.

20 Q Now, Rezmar wasn't actually the legal title of  
21 the corporation?

22 A Rezmar Corporation.

23 Q Do you know of a Rezmar Development?

24 A Not that it was a legal entity that I was  
25 involved with.

Williams - cross by S. Adam, Jr.

3758

1 q And you've already told us that you didn't know  
2 of a Rezmar Realty, is that correct?

3 A Yes, sir.

4 q In 1998 can you tell us the proximate holdings of  
5 the Rezmar Corporation?

6 A With respect to its assets?

7 q Yes; generally speaking, as far as the  
8 development side of it.

9 A Well, again, each of developments was in its own  
10 entity, so there was not a consolidated statement  
11 for Rezmar that combined all those entities.

12 q And so each particular project would have its own  
13 corporation set up for that particular project, is  
14 that right?

15 A An LLC was set up for each of those projects and  
16 that LLC was the entity under which the business was  
17 conducted.

18 q Now, beginning in 1998 and working your way  
19 through 2007, were you familiar with how properties  
20 were acquired by the Rezmar Corporation?

21 A Yes.

22 q And, in fact, one of the ways that properties are  
23 acquired is, if Mr. Rezko or Mr. Mahru happened to  
24 like a particular property and Rezmar can invest in  
25 that particular property, is that fair?



1 A That is fair.

2 Q In fact, one of the things that would take place

3 between 1998 and 2007 is, people or real estate

4 agents or real estate brokers could bring

5 Mr. Rezko's attention to certain property all on the

6 north side of Chicago, is that fair?

7 A Throughout Chicago, I would say, yes, sir.

8 Q In fact, there is a thing in real estate called

9 prospecting, are you familiar with that?

10 A Tangentially, yes, sir.

11 Q Yes.

12 what that means is that if somebody things

13 that Mr. Rezko has a particular need for a

14 particular property, they can bring that property to

15 Mr. Rezko's attention and he can determine whether

16 he wishes to purchase that or become a partner in

17 that, or something to that effect, is that fair?

18 A Yes, sir.

19 Q And, in fact, one of the entities that you've

20 already told us about in 2001 that came to the

21 attention of Mr. Rezko was the property on Irving

22 Park Road, is that correct?

23 A Yes.

24 Q And, in fact, it was called the Irving Park, LLC,

25 is that true?

Williams - cross by S. Adam, Jr.

3760

1 A I believe it was called Irving Park Development,  
2 LLC, yes, sir.

3 Q Irving Park Development. Thank you.

4 who brought that to the attention of  
5 Mr. Rezko, if you know?

6 A I believe Mrs. Blagojevich brought it to his  
7 attention.

8 Q That's Patti Blagojevich, is that correct?

9 A Yes, sir.

10 Q In fact, you told us that purchase was for  
11 \$4 million, is that correct?

12 A Approximately, yes, sir.

13 Q And, in fact, as you have already told us,  
14 Mrs. Blagojevich actually represented the seller in  
15 that particular sale, is that correct?

16 A Yes.

17 Q And you also told us that Mrs. Blagojevich also  
18 represented at the same time the Rezmar Corporation,  
19 true?

20 A Yes.

21 MS. HAMILTON: Objection.

22 THE COURT: The objection is sustained.

23 BY MR. S. ADAM, JR.:

24 Q Did Mrs. Blagojevich represent the Rezmar  
25 Corporation in that particular purchase?

Williams - cross by S. Adam, Jr.

3761

1 A I was not aware of it until after the closing.

2 q Oh, after the closing you became aware that there  
3 was a contract between Mr. Rezko and  
4 Mrs. Blagojevich, is that fair?

5 A Between Rezmar Corporation and River Realty,  
6 Inc., yes, sir.

7 q And, in fact, Mr. Rezko at that time was your  
8 boss, true?

9 A Yes.

10 q And Mr. Rezko could enter into contracts without  
11 consulting you, correct?

12 A Correct.

13 q Mr. Rezko, in fact, as you found out in 2002, did  
14 enter into contracts that you didn't know about,  
15 correct?

16 A Yes.

17 q That was not an uncommon occurrence in your  
18 experience in dealing with Mr. Rezko, isn't that  
19 correct?

20 A I did not know all of the transactions that  
21 Mr. Rezko entered into, yes.

22 q To be fair here, one of the things you did not  
23 know was that Mr. Rezko, in 2003, entered into a  
24 contract with Brian Hynes on the Lake and Aberdeen  
25 property, isn't that correct, sir?

Williams - cross by S. Adam, Jr.

3762

1 MS. HAMILTON: Objection.

2 THE COURT: The objection is sustained.

3 BY MR. S. ADAM, JR.:

4 Q Did you know if Mr. Rezko -- strike that. I'll  
5 give you a time period.

6 In July, July 22nd of 2003, did you know  
7 whether or not Lake and Aberdeen had entered into a  
8 contract for the Rezmar Development to be its agent  
9 in any purchase on Lane and Aberdeen?

10 A I did not.

11 Q Mr. Rezko did not run that by you, is that  
12 correct?

13 A That is correct.

14 Q In fact, you had come to learn that Lake and  
15 Aberdeen has an address of 1101 West Lake Street,  
16 Chicago, Illinois, true?

17 A Yes, sir.

18 (Cellular phone ringing.)

19 MR. S. ADAM, JR.: Perhaps that was  
20 Mr. Rezko.

21 (Brief pause).

22 BY MR. S. ADAM, JR.:

23 Q At the time in which -- strike that. I lost my  
24 train of thought.

25 All right. Okay. July 22nd of 2003, you

Williams - cross by S. Adam, Jr.

3763

1 were still working as the CFO, is that correct?

2 A Yes, sir.

3 Q And did you come to learn that, in fact, Lake and  
4 Aberdeen had been purchased by a person by the name  
5 of Brian Hynes?

6 A I did not know that.

7 Q As you sit there now, you did not know that?

8 A I did not know that.

9 Q Well, is it fair to say that in January of 2004,  
10 specifically January 21st I believe, Mr. Rezko  
11 brought you a check from the Chicago Title company,  
12 isn't that correct?

13 A That is correct.

14 Q And when he brought you that check, it was for a  
15 significant amount of money, true?

16 A It was for \$40,000.

17 Q That's a significant amount, wouldn't you say?

18 A Yes.

19 Q And when Mr. Rezko brought you that check, it was  
20 for Lake and Aberdeen, correct?

21 A It was.

22 Q Now, that was something, according to what you  
23 have told us, you didn't know had anything to do  
24 with Mr. Rezko, correct?

25 A That's correct.

williams - cross by S. Adam, Jr.

3764

1 q Now, you have been in this real estate area  
2 business how long?

3 A In different aspects, for over 20 years.

4 q In your 20 years experience, does Chicago Title  
5 and Trust send out \$40,000 checks to persons who are  
6 not involved in a transaction?

7 MS. HAMILTON: Objection.

8 THE COURT: No.

9 MR. S. ADAM, JR.: Yes, Your Honor.

10 BY MR. S. ADAM, JR.:

11 q Let me ask you this, when you got that \$40,000  
12 check from Mr. Rezko, did you ask him: Mr. Rezko,  
13 this is 40 grand! Man, where did this come from?

14 A I would expect we had some conversation about  
15 where the check came from.

16 q And, in fact, didn't Mr. Rezko tell you,  
17 Mr. Williams, that he and Brian Hynes had been  
18 involved in a contract to purchase 1101 West Lake?

19 MS. HAMILTON: Objection.

20 THE COURT: Objection is sustained.

21 This is a little outside the scope. In fact,  
22 a lot outside the scope. If what you are trying to  
23 establish are the things that Mr. Rezko can tell  
24 about, that is something else.

25 MR. S. ADAM, JR.: Yes, Your Honor.

Williams - cross by S. Adam, Jr.

3765

1 BY MR. S. ADAM, JR.:

2 Q Was it your understanding that Mr. Rezko had been  
3 involved in a transaction regarding 1101 West Lake  
4 or Lake and Aberdeen, LLC?

5 MS. HAMILTON: Objection; asked and answered.

6 THE COURT: Yes, it was asked and answered.

7 BY MR. S. ADAM, JR.:

8 Q Did you ever see a contract in which Rezmar  
9 Development was listed as the cooperating office for  
10 1101 Lake Street, level number 2, to be purchased by  
11 Brian Hynes? Have you ever seen a contract like  
12 that?

13 MS. HAMILTON: Objection.

14 THE COURT: The objection is sustained.

15 BY MR. S. ADAM, JR.:

16 Q Is it fair to say that as of January 21st of  
17 2004, you were not aware of any contract on Lake and  
18 Aberdeen regarding Mr. Rezko, is that fair?

19 A That's fair to say.

20 Q Is it also fair to say that you were not aware of  
21 a contract regarding 1101 West Lake Street that had  
22 listed Patti Blagojevich as the buyer's designated  
23 agent for that sale? Were you aware of that?

24 MS. HAMILTON: Objection.

25 THE COURT: The objection is sustained.

Williams - cross by S. Adam, Jr.

3766

1           You know, if you want to prove that such a  
2 contract existed, you can do this, but not through  
3 hearsay.

4           MR. S. ADAM, JR.: Yes, Your Honor. Yes,  
5 Your Honor.

6 BY MR. S. ADAM, JR.:

7 Q Were you aware that Mrs. Blagojevich was a  
8 licensed real estate agent?

9 A Yes.

10 Q Were you aware that she was a licenses real  
11 estate broker?

12 A Yes.

13 Q Were you aware that she was also a certified -- I  
14 keep saying -- a certified appraiser, a certified  
15 appraiser in real estate?

16 A I was not aware of that.

17 Q And you have told us that you came to see  
18 Mrs. Blagojevich on a number of occasions at Rezmar  
19 throughout this particular time period, 2003 into  
20 early 2004, correct?

21 A Yes.

22 Q And during those times she would meet with Tony  
23 Rezko, is that right?

24 A Yes.

25 Q Were you present for any conversations that



Williams - cross by S. Adam, Jr.

3767

1 Mrs. Blagojevich had with Mr. Rezko during that  
2 time?

3 A I may have been involved in a brief conversation  
4 or two.

5 q And is it fair to say that you would go handle  
6 your business and they would continue to talk?

7 A Yes.

8 q Were you aware that Mrs. Blagojevich would speak  
9 to Mr. Rezko on the telephone during that period of  
10 time?

11 A Without talking to Mr. Rezko about it, it would  
12 have been hard for me to know that he had.

13 q Correct. You don't know how many times they  
14 spoke on the phone, is that fair?

15 A That's fair.

16 q Now, there's something in the real estate called  
17 road trips, isn't that fair?

18 A I would like you to describe road trips and then  
19 I'll let you know.

20 q Well, have you heard that term in the business?

21 A I would consider a road trip to be a visit to  
22 different properties.

23 q And when you say different properties, you mean,  
24 say if Mr. Rezko were interested in a property on  
25 Peterson, you would take a road trip to that Peter

williams - cross by S. Adam, Jr.

3768

1 property, is that fair?

2 A Yes.

3 q How many road trips did you go on with Mr. Rezko  
4 in 2003 and 2004?

5 A A limited number.

6 q How many did Mrs. Blagojevich go on with him, to  
7 your knowledge?

8 A I -- I don't know.

9 q You don't know.

10 How many properties did she bring Mr. Rezko  
11 in, say, July 2003 to May of 2004 that she had  
12 gotten of the MLS?

13 A I don't know how many.

14 q How many properties did Mr. Rezko ask her to  
15 consult on during that period?

16 A None that we talked about.

17 q None that you know, is that correct?

18 A That would be correct.

19 q So is it fair to say, Mr. Williams, that there's  
20 two people who can tell what they talked about, what  
21 they spoke about it, and what the terms of that that  
22 they spoke about it, would be Mr. Rezko and  
23 Mrs. Blagojevich, is that fair?

24 MS. HAMILTON: Objection.

25 THE COURT: Objection to the form of the

Williams - cross by S. Adam, Jr.

3769

1 question is sustained.

2 MR. S. ADAM, JR.: Yes, Your Honor.

3 BY MR. S. ADAM, JR.:

4 Q You have told us that Mr. Rezko came to you near  
5 the end of August of 2003 and asked you to write a  
6 check for approximately \$14,369.50? I meant  
7 approximately, but that's the check you wrote, is  
8 that correct?

9 A He came to me telling me that he wanted to get  
10 Mrs. Blagojevich a check in the amount of  
11 approximately \$15,000.

12 Q Now, when he told you that, didn't he, in fact,  
13 tell you that he wanted to give it to River Realty?

14 A He may have said River Realty or he may have said  
15 both, Patti or -- excuse me, Mrs. Blagojevich and/or  
16 River Realty.

17 Q But isn't it true that when you wrote that check  
18 or had that check written, it was not to Patti  
19 personally, correct?

20 A That is correct.

21 Q It was to River Realty, true?

22 A Yes.

23 Q Now, at the time when he asked you that, it was  
24 sometime before August 27th of 2003 because that's  
25 the date the check was written on, correct?

williams - cross by S. Adam, Jr.

3770

1 A It might have been that day.

2 q well, I mean --

3 A It was not prior to writing the check.

4 q what do you mean it was not prior to writing the  
5 check?

6 A well, the check is dated -- let me look at the  
7 check.

8 q We have to say what exhibit it is.

9 A It's Government Exhibit 8/27/03 Check, it's dated  
10 August 27, 2003.

11 q And are you saying that that's the day, it's your  
12 recollection that he came to you and asked you to  
13 write that?

14 A It may very well have been.

15 q well, if you can recall now, weren't there two  
16 separate meetings that he came to you and asked you  
17 for approximately a 15-thousand-dollar check and  
18 then you told him you'd get back to him and at some  
19 later period you did get back to him and you said  
20 this is where we can get this 2 1/2 percent from?

21 A He came to me asking me to prepare a check to  
22 Patti as quickly as we could.

23 q And --

24 A I believe it was the same day that we had the  
25 subsequent conversation and prepared the check.

Williams - cross by S. Adam, Jr.

3771

1 q Now, prior to that, were you privy to any  
2 conversation between Patti and Rezko regarding  
3 \$15,000?

4 A I was not.

5 q Do you know of any contract that you are aware of  
6 between Patti and Mr. Rezko prior to him asking you  
7 for that check?

8 A I believe I had stated that I was not aware of a  
9 contract with her or her company that required the  
10 check to be written.

11 q So is it fair to say that by the mere virtue of  
12 the fact he to you and asked you, there was  
13 obviously some contact between Mr. Rezko and Patti  
14 regarding the \$15,000 prior to him asking you for  
15 that?

16 MS. HAMILTON: Objection.

17 THE COURT: The objection for the form of the  
18 question is sustained.

19 BY MR. S. ADAM, JR.:

20 q When you had that check written --

21 MR. S. ADAM, JR.: And if we may republish  
22 that, if I may Your Honor?

23 THE COURT: Sure.

24 (Exhibit published to the jury.)

25 BY MR. S. ADAM, JR.:

williams - cross by S. Adam, Jr.

3772

1 q This is pretty bad but let me ask you: Looking  
2 at Government Exhibit 8/27/03 Check, now you say  
3 that's the check you had written, is that correct?

4 A Yes.

5 q Now, you have told us that when you had that  
6 written, you didn't feel too comfortable about it  
7 because what you had to do, from what Mr. Rezko  
8 asked you to do, was find some property and take 2  
9 1/2 percent from that so you could get approximately  
10 that commission, is that right?

11 A I needed to find a property -- I needed to find a  
12 way to provide \$15,000 at Mr. Rezko's request  
13 attributable to some property.

14 q Now, that didn't sit too well with you, is that  
15 right?

16 A I did not know why. I was not aware why it was  
17 earned, why it was required.

18 q well, let ask you, having Mr. Rezko ask you to  
19 move money from one account to another, even though  
20 they weren't necessarily involved in the same deal,  
21 it wasn't an unusual occurrence, was it?

22 A Money moved between the companies, yes.

23 q In fact, there were a number of occasions,  
24 Mr. Williams, outside of anything to do with Patti  
25 Blagojevich, there were a number of occasions when

Williams - cross by S. Adam, Jr.

3773

1 Mr. Rezko would ask you to take things like earnest  
2 money from one property and use that earnest money  
3 on another property that wasn't connected to the  
4 first one, correct?

5 A That was done.

6 Q That is against the ethical rules in real estate,  
7 isn't that true?

8 MS. HAMILTON: Objection.

9 THE COURT: The objection is sustained.

10 BY MR. S. ADAM, JR.:

11 Q Was it your understanding that that was against  
12 the ethical rules in real estate?

13 MS. HAMILTON: Objection.

14 THE COURT: The objection is sustained.

15 BY MR. S. ADAM, JR.:

16 Q Can you tell us what earnest money is?

17 A Earnest money is money that is provided by  
18 potential buyers of townhouses, condominiums, homes,  
19 on a given project.

20 Q And that money is supposed to sit where, once  
21 it's given by the person that gives the earnest  
22 money?

23 A It sits in an account for the selling entity.

24 Q Now, to take that money and use it in another  
25 property is not what that earnest money is for, is

Williams - cross by S. Adam, Jr.

3774

1 that true?

2 A That would be true.

3 q And Mr. Rezko asked you to do that on a number of  
4 occasions, didn't he?

5 A Yes.

6 q And you did it, didn't you?

7 A Yes.

8 q It's one of the reasons why you're testifying  
9 under the grant of immunity, is that correct?

10 MS. HAMILTON: Objection.

11 THE COURT: The objection is sustained.

12 BY MR. S. ADAM, JR.:

13 q Are you testifying under a grant of immunity?

14 A Yes, I am.

15 q But that wasn't the only time that Mr. Rezko --  
16 well, strike that.

17 when Mr. Rezko would ask you to have money  
18 that was set aside for one purpose under the earnest  
19 money, signed, and used in another area, did you  
20 inform the person that had given that escrow money  
21 that that was being done?

22 A No.

23 q So is it fair to say that Mr. Rezko asked you to  
24 do those things and you did them without knowledge  
25 of that person?



Williams - cross by S. Adam, Jr.

3775

1 A Yes.

2 Q That wasn't the only area, correct?

3 In fact, Mr. Rezko also stated to you, asked  
4 you to move money from escrow accounts regarding low  
5 income construction projects, didn't he?

6 A Low income housing projects?

7 Q Yes.

8 A Yes.

9 Q Tell us what Mr. Rezko -- well, strike that.

10 He would ask you to take money that was set  
11 aside in escrow on one property and use it to fund  
12 another property not connected with the first,  
13 correct?

14 A To temporarily do so, yes.

15 Q Can you tell us what escrow money is?

16 A Escrow money is monies collected on a given  
17 project, typically to be used for a specific repair  
18 or real estate tax or some other cost of that  
19 project.

20 Q Well, when Mr. Rezko asked you to move money from  
21 one escrow project and use it on another, did you do  
22 it?

23 A Yes, it was done.

24 Q Did you inform the person who had given the  
25 escrow money that that was being done?

Williams - cross by S. Adam, Jr.

3776

1 A No.

2 Q In August 27th of 2003, you gave a check to  
3 Mr. Rezko to give to River Realty or Patti  
4 Blagojevich for that \$14,369.50, is that correct?

5 A Yes.

6 Q Anywhere on the check itself does it say that  
7 it's a commission payment?

8 A Not on the check here itself.

9 Q And you gave the check and solely the check to  
10 Mr. Rezko to give to Mrs. Blagojevich, is that  
11 correct?

12 A Yes.

13 Q You didn't give any documentations that this was  
14 a commission check, did you?

15 A Not that I recall.

16 Q You didn't write on the back of it that this was  
17 a commission check, did you?

18 A Not on the back of the check, no.

19 Q Was there anything on the front or back of that  
20 check to signify that this was for a commission?

21 A Not on the document produced there.

22 Q 850 North Ogden, LLC, that's on the upper  
23 left-hand corner, is that correct?

24 A Yes.

25 Q That was a company was formed for that particular

Williams - cross by S. Adam, Jr.

3777

1 development, correct?

2 A Yes.

3 q That was a development that was being done by  
4 Mr. Rezko, correct?

5 A Mr. Rezko was one of the members of the LLC, yes.

6 q And so for Mr. Rezko to give a check to Patti  
7 Blagojevich from one of his own companies, did not  
8 signify that this had anything to do with a  
9 commission, did it?

10 MS. HAMILTON: Objection.

11 THE COURT: You are asking for an opinion and  
12 I'm sustaining the objection.

13 MR. S. ADAM, JR.: Yes, Your Honor.

14 BY MR. S. ADAM, JR.:

15 q You have told us that you were not upset but  
16 taken aback by Mr. Rezko asking you to do this. Did  
17 you ever talk to Mrs. Blagojevich about it?

18 A Not that I recall.

19 q You did know who Mrs. Blagojevich was, correct?

20 A Yes.

21 q You did know her husband was the State of  
22 Illinois Governor, correct?

23 A Yes.

24 q You did understand that should something not be  
25 occurring that was necessarily good, that that very

Williams - cross by S. Adam, Jr.

3778

1 well may bring an investigation on to your company,  
2 didn't you?

3 MS. HAMILTON: Objection.

4 THE COURT: The objection is sustained.

5 BY MR. S. ADAM, JR.:

6 Q Is it fair to say that after that check was  
7 written to Mrs. Blagojevich, you continue to see her  
8 at Rezmar?

9 A Periodically; yes.

10 Q And periodically talked to her, correct?

11 A Occasionally; yes.

12 Q Now, you had come to find out, as you have told  
13 us, that Mr. Rezko then asked you, Mr. Williams, to  
14 begin to give \$12,000 a month to Patti

15 Blagojevich -- well, strike that. \$12,000 a month to  
16 River Realty, correct?

17 A Yes.

18 Q And in that conversation that you had with him,  
19 it was in the beginning of October, true?

20 A Yes.

21 Q And in the beginning of October, that's when you  
22 found out that Mr. Rezko had entered into a contract  
23 with Mrs. Blagojevich, correct?

24 A He stated that he had an agreement with her, yes.

25 Q And you believed Mr. Rezko, correct?

Williams - cross by S. Adam, Jr.

3779

1 A Yes.

2 q And, in fact, in 2003, you knew Mr. Rezko to be a  
3 big developer in the City of Chicago, correct?

4 MS. HAMILTON: Objection.

5 THE COURT: The objection is sustained.

6 BY MR. S. ADAM, JR.:

7 q You knew that he had won a number of awards for  
8 his development business, correct?

9 MS. HAMILTON: Objection.

10 THE COURT: The objection is sustained.

11 BY MR. S. ADAM, JR.:

12 q Was it your understanding that he was a major  
13 developer in the Chicagoland area?

14 MS. HAMILTON: Objection.

15 THE COURT: The objection is sustained.

16 BY MR. S. ADAM, JR.:

17 q When Mr. Rezko asked you to begin to give these  
18 \$12,000 a month checks, again you understood that  
19 those were going to River Realty which was owned by  
20 Patti Blagojevich, correct?

21 A Yes.

22 q And, again, that was the wife of the Governor,  
23 correct?

24 A Yes.

25 q Did you ask Mrs. Rezko -- strike that.

Williams - cross by S. Adam, Jr.

3780

1 Did you ask Mrs. Blagojevich about why she  
2 was getting those checks?

3 A I do not recall doing so, no.

4 Q You had them made and given to her through third  
5 persons, correct?

6 A Correct.

7 Q But you did find out -- strike that.

8 Mr. Rezko did inform you that she was  
9 consulting, correct?

10 A That's what he stated when we started to write  
11 the checks, yes.

12 Q You said you saw a draft of the contract, is that  
13 right?

14 A I recall doing that, yes.

15 Q But you as the CFO never got an actual paper copy  
16 of the contract itself?

17 A That is correct.

18 Q So is it fair to say, once again, Mr. Rezko is  
19 entering into contracts outside of your knowledge?

20 MS. HAMILTON: Objection.

21 THE COURT: The objection is sustained.

22 BY MR. S. ADAM, JR.:

23 Q You have told us, when they asked you, that in  
24 January of 2004 you became aware that there had been  
25 some construction done at the Governor's home, is

Williams - cross by S. Adam, Jr.

3781

1 that correct?

2 A Yes.

3 Q Now, can you tell the ladies and gentlemen of the  
4 jury approximately how long does it take to go from  
5 agreeing to purchase a property of the size of 4  
6 million, closing on that property, approximately, in  
7 your experience?

8 A A number of months, typically.

9 Q And on, say, a property that's 750,000, would  
10 that be approximately the same amount of time from  
11 contract to closing?

12 A I think it could be less than that.

13 Q Well, how much less would you say?

14 A I think you could do that in 30 days.

15 Q You could do that in 30 days?

16 When it came Lake and Aberdeen, do you know  
17 when any contract was entered into? Do you know the  
18 time period?

19 MS. HAMILTON: Objection.

20 THE COURT: The objection is sustained.

21 BY MR. S. ADAM, JR.:

22 Q At any time in January of '04 did Mr. Rezko  
23 instruct you, since you wrote the checks, to write a  
24 check -- well, strike that. I'm sorry.

25 MR. S. ADAM, JR.: If I may publish again

williams - cross by S. Adam, Jr.

3782

1 Government Exhibit 1/22/04.

2 THE COURT: Does the jury need to see it or  
3 do you just want to refresh his recollection?

4 MR. S. ADAM, JR.: I was just going to show  
5 it, but I'll do it any way Your Honor wishes.

6 THE COURT: It's up to you.

7 MR. S. ADAM, JR.: I'll just publish it real  
8 quick.

9 THE COURT: Sure.

10 (Exhibit published to the jury.)

11 BY MR. S. ADAM, JR.:

12 Q And I'll be very brief with this.

13 Taking a look here at all these entities.  
14 You have on the left hand side Demos, D-o-m-o-s?

15 A D-e-m-o-s.

16 Q D-e-m-o-s.

17 Edon, E-d-o-n; Abco, all that on that list,  
18 is that right?

19 A Yes, sir.

20 Q At any time did Mr. Rezko ask you to write a  
21 check on behalf of the Governor to any of those  
22 entities?

23 A There were four checks written to those entities.

24 Q Four checks?

25 A There were four checks written to those entities.



Williams - cross by S. Adam, Jr.

3783

1 q what checks were written?

2 A If you look in the pay to date column, you see  
3 four checks, one to Minooka, one to Siegel's, one to  
4 SCE, and one to RayWray.

5 q And where did those checks come from?

6 A I believe those checks were drawn on the account  
7 of Chicago Construction Services.

8 q On Chicago Construction Services, is that right?

9 A Yes.

10 q And those checks were actually repaid by the  
11 Blagojevichs, weren't they?

12 A Yes, they were.

13 q So -- well, you did answer my question, 100  
14 percent right; you did.

15 They sent out that money to cover the cost,  
16 but Mr. Blagojevich and Mrs. Blagojevich paid back  
17 those costs, didn't they?

18 A As I recall, over a year later, yes, they paid  
19 back those costs.

20 q And, in fact, didn't Chicago --

21 what's it called? Chicago --

22 A Construction Services.

23 q Didn't they also get an extra \$5,000 service fee?

24 A I believe they received a 5 percent fee.

25 q Oh, 5 percent fee. What did that come out to as

Williams - cross by S. Adam, Jr.

3784

1 far as numbers; money?

2 A I would believe it was probably somewhere in the  
3 neighborhood of 5 percent of the 72-thousand-dollar  
4 number that was on the prior schedule, so somewhere  
5 in the neighborhood of 35, 3600 dollars.

6 q And that's an extra fee that they received for  
7 doing that service, is that true?

8 A That was the typical fee that the construction  
9 company received.

10 MR. S. ADAM, JR.: May I have one moment,  
11 Your Honor?

12 (Brief pause).

13 BY MR. S. ADAM, JR.:

14 q Once again, I have to ask you other questions,  
15 sir.

16 You are familiar that Rezmar Development was  
17 trying to develop a property at Roosevelt and Clark,  
18 is that correct?

19 A Rezmar was involved with the development of a  
20 property at Roosevelt and Clark, yes.

21 q And you have told us that at some point in  
22 October of 2003, Mr. Kelly started to receive money  
23 for his roofing business, is that right? From  
24 Rezmar?

25 A No, I believe the invoice that Mr. Rezko first

Williams - cross by S. Adam, Jr.

3785

1 showed me was dated November of 2005 after Rezmar's  
2 related entity had sold the project at Roosevelt and  
3 Clark.

4 Q So this later on in 2005, 2006 time frame, is  
5 that fair?

6 A Yes.

7 Q Okay. You being the CFO of Rezmar Corporation  
8 knew that Mr. Kelly had invested close to \$2 million  
9 into that Roosevelt and Clark project, correct?

10 A Mr. Kelly was an investor, I don't recall how  
11 much he invested.

12 Q Well, a significant amount of money, is that  
13 fair?

14 A I believe that was the case.

15 Q And by significant, I mean more than the \$187,000  
16 that Rezmar was paying him back. It was more in the  
17 tune of at least 7 figures, correct?

18 A I do not know exactly how much it was.

19 Q Well, is it fair to say that at the time in which  
20 that \$187,000 check went to Mr. Kelly, he had given  
21 Rezmar more than 187,000 at that point?

22 A I do not know that for certain.

23 MR. S. ADAM, JR.: Nothing further. Thank  
24 you.

25 THE COURT: Redirect?

williams - redirect by Hamilton

3786

1 MS. HAMILTON: May I have one moment, Your  
2 Honor?

3 THE COURT: Sure.  
4 (Brief pause).

5 MS. HAMILTON: Briefly, Your Honor.

8 REDIRECT EXAMINATION

9 BY MS. HAMILTON:

10 q Mr. Williams, I believe you testified on cross  
11 that with respect to the Irving Park transaction,  
12 that Mrs. Blagojevich represented the seller in that  
13 transaction. Do you know one way or the other what,  
14 if anything, she did on behalf of the seller?

15 A I do not have any specific knowledge of that.

16 MS. HAMILTON: That's all, Judge.

17 MR. S. ADAM, JR.: Nothing further.

18 THE COURT: You may step down.  
19 (Witness excused.)

20 THE COURT: Your next witness.  
21 (Brief pause).

22 THE COURT: Your next witness.  
23 (Brief pause)

24 MR. NIEWOEHNER: Your Honor, the government  
25 calls Michael Winter.

Winter - direct by Niewoehner

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1 THE COURT: Face me and raise your right  
2 hand.

3 (Witness duly sworn.)

4 THE COURT: Please be seated.

5 MICHAEL WINTER, GOVERNMENT WITNESS, SWORN

6 DIRECT EXAMINATION

7 BY MR. NIEWOEHRER:

8 Q Would you state your name, please.

9 A Michael Winter.

10 Q How old are you?

11 A 43.

12 Q Where do you currently live?

13 A Deerfield, Illinois.

14 Q How are you currently employed?

15 A I am self-employed.

16 Q Self-employed doing what?

17 A I do real estate investments.

18 Q And how long have you done real estate  
19 investments?

20 A For approximately 5 years.

21 Q And where are your investments located?

22 A Throughout the United States.

23 Q And what sort of -- give us a sense of the scale  
24 of the projects that you work on.

25 A I'm involved with several projects in Southern

Winter - direct by Niewoehner

3788

1 California that, you know, are several hundred units  
2 each, I have a project in South Florida that's, you  
3 know, 25 units.

4 Q Could you put the microphone a little closer to  
5 you?

6 A Sure.

7 Q And about how much money are those projects  
8 worth?

9 A It's questionable in this world, but, you know,  
10 the projects in L.A. probably have a gross market  
11 value of between 75 and 100 million, and, you know,  
12 that's typically the size of the projects I've been  
13 involved in.

14 Q You are testifying today pursuant to an agreement  
15 with the government?

16 A I am.

17 Q Is that an immunity agreement?

18 A It is.

19 Q What do you understand that immunity agreement to  
20 mean?

21 A That so long as I tell the truth, what I say  
22 won't be held against me.

23 Q What could happen if you did not tell the truth?

24 A I could be prosecuted for perjury.

25 Q I'm going to direct your attention back to the

1 spring of 2003.

2 what were you doing for a living at that  
3 point in time?

4 A I was doing consulting work for a company called  
5 the Rezmar Corporation.

6 q Prior to 2003, what had you done for a living?

7 A I was a banker for a number of years.

8 q About how many years were you a banker?

9 A For the 15 preceding years.

10 q Did you have any particular area of expertise in  
11 banking?

12 A For most of my career I financed real estate  
13 transactions throughout the United States.

14 q Did you meet Antoin Rezko in the course of  
15 working on some of those deals?

16 A I did.

17 q And how was it that you met Rezko?

18 A I was introduced to Mr. Rezko through a  
19 third-party and had several meetings with him and  
20 financed several projects for him through a number  
21 of years.

22 q And you said you began working as a consultant in  
23 2003. Before you began at Rezmar, did you have any  
24 conversations with Rezko about what position you  
25 might hold there?

Winter - direct by Niewoehner

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1 A We had several conversations. Initially the  
2 thought was -- initially when I first started there,  
3 nothing was defined. Subsequent to that, there was  
4 a point in time where we contemplated that I would  
5 become the president of Rezmar, but ultimately I  
6 served as a consultant for Rezmar through my time  
7 there.

8 Q Did you have an office with Rezmar?

9 A I had an office at Rezmar, yes.

10 Q Where was your office at Rezmar? What was the  
11 street address?

12 A 853 North Elston.

13 Q And when you worked at Rezmar as a consultant,  
14 did you work full time?

15 A I did.

16 Q And where, physically, did you work?

17 A Physically where my office was located?

18 Q Yes.

19 A If you were to go in the front door of Rezko --  
20 I'm sorry, at Rezmar and continue walking straight,  
21 my office was on the left.

22 Q And were you typically there Monday through  
23 Friday?

24 A I was there most days, unless I was traveling.

25 Q Did you travel very often for work?



Winter - direct by Niewoehner

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1 A I traveled maybe two days a month.

2 Q And was that -- did Tony Rezko also have an  
3 office in that same office space?

4 A He did.

:19PM

5 Q What did you do when you first started working as  
6 a consultant for Rezmar?

:19PM

7 A Initially I spent a fair amount of my time  
8 reviewing the various development projects that  
9 Rezmar was involved in and then that slowly tapered  
10 off and I spent all of my time focusing on one large  
11 scaled development they were working on in the South  
12 loop.

:20PM

13 Q And when you were initially looking at all the  
14 projects that Rezmar was working on, did you become  
15 familiar with the different projects that Rezmar was  
16 working on in that time frame?

17 A I did.

:20PM

18 Q And how was Rezmar doing financially at that  
19 time?

20 A Rezmar was struggling.

21 Q Did you also become familiar through that process  
22 with the number of business opportunities that Rezko  
23 was working on?

24 A You have to clarify that question.

:20PM

25 Q As you were reviewing some of the things that

Winter - direct by Niewoehner

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1 Rezmar was working on, did you also have  
2 conversations with Tony Rezko about business  
3 opportunities that he was working on?

4 A Yes.

5 MR. GILLESPIE: Objection; foundation.

6 THE COURT: I don't think it's necessary for  
7 this one. The objection is overruled.

8 BY MR. NIEWOEHNER:

9 Q And you continued to work -- for example, in 2003  
10 were you still working with Rezmar?

11 A I was.

12 Q In fact, how long did you continue to work with  
13 Rezmar?

14 A I worked there through the spring of 2005.

15 Q And I direct your attention to about December of  
16 2004.

17 Did you switch offices at that point?

18 A We did.

19 Q Where did you go at that point?

20 A We moved to an office space in the Sears Tower.

21 Q So focusing on this time frame when you were in  
22 the Elston office, did you talk with Rezko about  
23 some of the business opportunities that he was  
24 working on?

25 A Yes.

1 q Are you familiar with a company called the Near  
2 North Insurance Company?

3 A I am.

4 q What is that?

:21PM

5 A Near North Insurance is a company that was  
6 focused on property and casualty insurance and title  
7 insurance located in Chicago on LaSalle Street.

8 q And after you started working with Rezmar in the  
9 spring of 2003, did you talk with Rezko about the

:21PM

10 Near North Insurance Company?

11 A Yes, there was a couple of instances we discussed  
12 Near North.

13 q And in those conversations, what did Rezko  
14 indicate to you about Near North?

:21PM

15 MR. GILLESPIE: Foundation.

16 THE COURT: Lay a foundation for this one.

17 BY MR. NIEWOEHNER:

18 q You said you had more than one conversation, is  
19 that correct?

:22PM

20 A I had two conversations that I can recall.

21 q And were those while you were working in the  
22 Rezmar Elston offices?

23 A Yes.

24 q Do you recall those conversations, generally?

:22PM

25 A Yes.

1 q What did Rezko indicate to you in those  
2 conversations?

3 A He indicated to me that --

4 MR. GILLESPIE: Judge, I'm sorry. I'm going  
5 to object unless there is clarification as to which  
6 conversation we're talking about.

7 BY MR. NIEWOEHNER:

8 q I think you are testifying about these  
9 conversations, generally speaking, is that right?

10 A That is correct.

11 q What did Rezko indicate to you, generally, in  
12 these conversations?

13 A That Near North was going to be sold and he  
14 wanted to see if I had any ideas who potentially  
15 could buy pieces or the whole Near North Insurance.

16 q And did you understand that Rezko himself had a  
17 relationship with Near North?

18 MR. GILLESPIE: Objection; leading.

19 THE COURT: The objection is sustained.

20 BY MR. NIEWOEHNER:

21 q From what Rezko said -- did Rezko indicate that  
22 he had some sort of relationship with Near North in  
23 these conversations?

24 A Yes, he did.

25 q What relationship did he indicate he had?

1 A He had a relationship with the principal, Mickey  
2 Siegel, from Near North.

3 q Are you familiar with somebody named Vince  
4 Dibenedetto?

5 A I am.

6 q Who is Vince Dibenedetto?

7 A I know him as a friend of Mr. Rezko's, as well  
8 somebody in the insurance business.

9 q Did you see Dibenedetto at the Rezmar's offices  
10 in 2003 and 2004?

11 A Yes.

12 q About how often?

13 A He was there fairly often.

14 q And when you saw Mr. Dibenedetto, who was he  
15 with?

16 A He would be there meeting with Tony.

17 q Was Dibenedetto an investor in any of the  
18 projects that Rezko owned?

19 A He was.

20 q Were there any in particular?

21 A He was an investor in the Roosevelt Clark  
22 project.

23 q And did you ever interact with Dibenedetto in  
24 relationship with the Roosevelt and Clark project?

25 A There was a point where we were identifying

1 prospective insurers for the Roosevelt Clark project  
2 and Vince Dibenedetto had brought a team in to make  
3 a representation on an OCIP insurance policy.

4 q And is that a kind of insurance policy?

5 A It is.

6 q Now, this Roosevelt and Clark project, did you  
7 have any significant involvement with the project  
8 when you worked at Rezmar?

9 A I did.

10 q What was your role with respect to the Roosevelt  
11 and Clark project?

12 A For the first few months I was at Rezmar, I  
13 described that I spent time looking at their  
14 business in totality; after several months, I  
15 basically spent all of my time kind of supervising  
16 the Roosevelt Clark project.

17 q And what was the Roosevelt and Clark project?

18 A The Roosevelt Clark project is a 62-acre parcel  
19 of land bound by Roosevelt Street to the north, 18th  
20 Street to the south, Clark Street to the east, and  
21 river to the west. It encompasses, as developed,  
22 although, you know, it encompassed almost 5,000  
23 residential dwelling units and almost a million feet  
24 of retail space.

25 q And in the spring of 2003, who were the primary

1 owners of the Roosevelt and Clark property?

2 A Roosevelt Clark was owned by a limited  
3 partnership, the general partners of that limited  
4 partnership were Tony Rezko and Dan Mahru.

:25PM

5 Q And in the spring of 2003, what was the condition  
6 or the state of development for the Roosevelt and  
7 Clark project?

8 A It was vacant land.

:25PM

9 Q In terms of dollars, about how much money was it  
10 going to take to develop that Roosevelt and Clark  
11 project?

12 A It would have taken a couple of hundred million  
13 dollars just to put the infrastructure, the roads,  
14 and the various systems in place, and then it would  
15 be hundreds of millions of dollars to develop the  
16 site.

:25PM

17 Q Beginning in about the fall of 2003, who was  
18 primarily responsible for overseeing the day-to-day  
19 operations of the Roosevelt and Clark development  
20 project?

:26PM

21 A I was.

22 Q Were there other people who were working on that  
23 project?

24 A Many.

:26PM

25 Q And were you, as in the role of overseeing the

Winter - direct by Niewoehner

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1 operations, were you generally familiar with what  
2 the other people were doing with respect to that  
3 project?

4 A I was.

:26PM

5 q And were there outside firms that were working on  
6 this project?

7 A Yes, there were many other firms working on this  
8 project.

9 q What types of firms were working on it?

:26PM

10 A There were architecture firms, engineering firms,  
11 legal, bonds. There was many, many outside  
12 professionals involved in this project.

13 q And what was your role in working with those  
14 outside firms?

:26PM

15 A Would go to meetings, was involved in  
16 discussions, and was involved in, you know, kinda  
17 piecing all the parts together.

18 q Now, I think you said you stopped working with  
19 Rezmar in approximately the spring of 2005, is that  
20 right?

:26PM

21 A That is right.

22 q And at that point, where was the state of  
23 development of the Roosevelt and Clark project?

:27PM

24 A Nothing had happened, as far as there had been no  
25 development on the site.



Winter - direct by Niewoehner

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1 q It was still dirt?

2 A Yes; still dirt without access.

3 q Who took over the Roosevelt and Clark project  
4 after you left?

:27PM

5 A Well, the ownership -- there was a transfer of a  
6 significant part of the ownership long after I left,  
7 the day-to-day management of the project was being  
8 run by Mike Rumman.

9 q And where did Michael Rumman come from?

:27PM

10 A He was somebody who was a friend of Mr. Rezko and  
11 his background was that he, I think, worked for one  
12 of the utility companies for a while and had worked  
13 most recently in charge of CMS which is a government  
14 agency.

:27PM

15 q All right. I'm going to focus your attention on  
16 the time frame 2003 and 2004 when you were working  
17 the Elston offices.

18 A Okay.

:28PM

19 q In that time frame, did you see Rod Blagojevich  
20 in the Rezmar offices?

21 A I did.

22 MR. NIEWOEHRER: Is there a stipulation?

23 MR. GILLESPIE: Yes.

24 MR. NIEWOEHRER: Your Honor?

:28PM

25 THE COURT: The Defendant Rod Blagojevich is

Winter - direct by Niewoehner

3800

1 stipulated to.

2 BY MR. NIEWOEHNER:

3 Q And about how often did you see Defendant  
4 Blagojevich at the Elston Rezmar offices during that  
5 time?

6 A He was there often.

7 Q About how often had you seen him in a month?

8 A A couple of times.

9 Q Were there times -- and when you saw Defendant  
10 Blagojevich, who did you typically see him with?

11 A Typically he was with Chris Kelly and Lon Monk  
12 and Tony Rezko.

13 Q Were there times that you saw all four, Defendant  
14 Blagojevich, Rezko, Kelly and Monk together at the  
15 Rezmar offices?

16 A Most of the time the four of them were together.

17 Q When you saw them, where would you typically see  
18 him?

19 A They would meet in the back conference room at  
20 Rezmar.

21 Q Now, are you familiar with Defendant  
22 Blagojevich's wife?

23 A I am.

24 Q What is her name?

25 A Patti Blagojevich.

Winter - direct by Niewoehner

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1 q Focusing on the time frame of 2003 and 2004 when  
2 you worked at the Rezmar offices, did you ever see  
3 Mrs. Blagojevich there?

4 A I did.

5 q And after you began working with Rezmar, was  
6 Mrs. Blagojevich ever paid money on a monthly basis  
7 by Rezmar?

8 A She was.

9 q And about how much was she paid on a monthly  
10 basis?

11 A I believe it was about \$150,000 annualized, so 12  
12 to 13,000 dollars a month.

13 q How did you first hear that Mrs. Blagojevich was  
14 going to be getting paid on a monthly basis by  
15 Rezmar?

16 A Tony called me into his office and made me aware  
17 that he was --

18 MR. GILLESPIE: Objection. I'm sorry, I just  
19 ask for foundation, please.

20 BY MR. NIEWOEHRER:

21 q In this conversation with Mr. Rezko, do you  
22 recall approximately when that took place?

23 A The fall of '03.

24 q Was anyone else present for this conversation?

25 A No.

Winter - direct by Niewoehner

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1 q what did Mr. Rezko say to you in that  
2 conversation?

3 A He said that he was going to hire Patti as a  
4 consultant and asked me to get her involved in  
5 things that I was doing, to the extent I could, to  
6 justify paying her.

7 q And when he indicated to justify paying her, what  
8 did you understand Mr. Rezko to mean?

9 MR. GILLESPIE: Objection.

10 THE COURT: Overruled.

11 BY THE WITNESS:

12 A I understood him to mean that if he was going to  
13 pay her, you know, we should try and get some value  
14 for her services.

15 BY MR. NIEWOEHNER:

16 q How did you react to what Mr. Rezko said?

17 A I thought it was a bad idea.

18 MR. GILLESPIE: I'm sorry. Objection as to  
19 relevance.

20 MR. NIEWOEHNER: I'll rephrase it.

21 BY MR. NIEWOEHNER:

22 q what did you say when Mr. Rezko indicated that  
23 Mrs. Blagojevich was going to be paid on a monthly  
24 basis?

25 MR. GILLESPIE: Judge, same objection.

Winter - direct by Niewoehner

3803

1 THE COURT: Overruled.

2 BY THE WITNESS:

3 A I told Tony I thought it was a bad idea.

4 BY MR. NIEWOEHNER:

5 q Did you explain why?

6 MR. GILLESPIE: Judge, objection.

7 THE COURT: I'll sustain it.

8 BY MR. NIEWOEHNER:

9 q what, if anything, did you say to Mr. Rezko about  
10 hiring or paying Mrs. Blagojevich on a monthly  
11 basis?

12 MR. GILLESPIE: Same objection.

13 THE COURT: The objection is sustained.

14 BY MR. NIEWOEHNER:

15 q well, you did say that Mr. Rezko indicated that  
16 he wanted Mrs. Blagojevich to be involved, or  
17 something along those lines, is that correct?

18 A Yes.

19 q Did Mr. Rezko give you any particular direction  
20 in terms of what Mrs. Blagojevich should work on?

21 A We discussed her getting involved in some way  
22 with the Roosevelt Clark project.

23 q what did you understand Mr. Rezko wanted you to  
24 do with respect to Mrs. Blagojevich and the  
25 Roosevelt and Clark project?

Winter - direct by Niewoehner

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1 A He told me his contemplation was that she would  
2 have some role in the marketing of development sites  
3 or townhome sites.

4 q What did you understand Mrs. Blagojevich's work  
5 experience to be during this conversation?

6 A I understood that Mrs. Blagojevich's background  
7 was in running a small real estate entity, a real  
8 estate company on the north side of the city.

9 q Had you requested that Rezmar hire somebody with  
10 Mrs. Blagojevich's work experience to work on any of  
11 your projects?

12 A No.

13 q Did you need for someone -- at that time did you  
14 have any need for someone with Mrs. Blagojevich's  
15 experience to work on the Roosevelt and Clark  
16 project?

17 MR. GILLESPIE: Objection.

18 THE COURT: Overruled.

19 BY THE WITNESS:

20 A No.

21 BY MR. NIEWOEHRER:

22 q And from your knowledge of the company, did  
23 Rezmar need to pay anybody with Mrs. Blagojevich's  
24 work experience on a monthly retainer?

25 MR. GILLESPIE: Objection.

Winter - direct by Niewoehner

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1 THE COURT: Overruled.

2 BY THE WITNESS:

3 A No.

4 BY MR. NIEWOEHRER:

5 q After that conversation with Defendant

6 Blagojevich -- excuse me.

7 After that conversation with Rezko, did  
8 Mrs. Blagojevich begin working at Rezmar on a  
9 monthly retainer?

10 A She did.

11 q And after she began, did you have a later  
12 conversation with Rezko about Mrs. Blagojevich?

13 A We did.

14 q And approximately when was that conversation in  
15 relation to when she started working?

16 A Kind of the beginning, winter of '04.

17 q And do you mean -- the beginning meaning like  
18 December of --

19 A Exactly.

20 q Okay.

21 where did that conversation take place?

22 A In Tony Rezko's office.

23 q Was anyone else present?

24 A No.

25 q What did you say to Mr. Rezko in that

1 conversation?

2 A It was becoming increasingly obvious to me the  
3 kind of dire financial straits that Rezmar was  
4 experiencing and I told Mr. Rezko that I thought  
5 that it was illogical to be paying current income to  
6 someone who conceivably was filling the role as a  
7 broker, which is typically a position that is  
8 compensated in the form of commissions following a  
9 sales event.

10 So I told him I thought that it was kind of  
11 unfair to have Mrs. Blagojevich getting --

12 MR. GILLESPIE: Objection; characterization.

13 THE COURT: We'll stop the answer there. Ask  
14 another question.

15 BY MR. NIEWOEHRER:

16 Q So you told -- when you indicated to Mr. Rezko  
17 that Mrs. Blagojevich could be paid on a commission  
18 basis, what did you mean?

19 A Typically brokers are paid on a commission basis,  
20 meaning that they get compensated after a sales  
21 event. If Mrs. Blagojevich was going to participate  
22 in selling property, it made more sense to me that  
23 instead of taxing the company on a monthly basis --

24 MR. GILLESPIE: Objection.

25 BY THE WITNESS:



Winter - direct by Niewoehner

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1 A -- then for this type of work --

2 MR. GILLESPIE: Judge, I'm sorry. I'm going  
3 to object to what made sense to him.

4 THE COURT: I think what's clear now is what  
5 his position was and that it was related to  
6 Mr. Rezko, I think maybe you should move to the next  
7 step. So I'm sustaining the objection.

8 BY MR. NIEWOEHNER:

9 Q How did Mr. Rezko respond when you brought your  
10 concerns about how much Mrs. Blagojevich was being  
11 paid?

12 A He suggested that maybe he would move  
13 Mrs. Blagojevich to another one of his companies.

14 Q Did Mrs. Blagojevich continue to work at Rezmar  
15 -- or excuse me.

16 Did Mrs. Blagojevich continue to be paid on a  
17 monthly basis after your conversation with  
18 Mr. Rezko?

19 A I don't know.

20 Q At some point did Mrs. Blagojevich stop receiving  
21 monthly payments?

22 A That's my understanding.

23 MR. GILLESPIE: Judge, objection to  
24 foundation as to his understanding.

25 BY MR. NIEWOEHNER:

Winter - direct by Niewoehner

3808

1 q At some point did you learn that she stopped  
2 being paid?

3 A Yes.

4 MR. GILLESPIE: Foundation?

5 THE COURT: How did you learn this.

6 BY MR. NIEWOEHRER:

7 q Do you recall how you learned of that fact?

8 A I don't recall.

9 q Now, as a result of Mr. Rezko's original request  
10 that you involve Mrs. Blagojevich in some of your  
11 projects with respect to the Roosevelt and Clark,  
12 what did you do?

13 A I met with Mrs. Blagojevich a few times to  
14 discuss the project in a generic form, and I recall  
15 inviting Mrs. Blagojevich to one of our monthly  
16 meetings that we had with Lehman Brothers.

17 q Now, what was -- what is Lehman Brothers?

18 A Lehman Brothers was a large financial institution  
19 headquartered in New York.

20 q And how was it that you were meeting with Lehman  
21 Brothers?

22 A I had introduced Lehman Brothers to the Roosevelt  
23 Clark project and they had made a \$50 million  
24 mezzanine loan to help fund the predevelopment cost  
25 of the project.

1 q So what was the purpose of your meetings with  
2 Lehman Brothers?

3 A On a monthly basis we met with Lehman Brothers to  
4 discuss the status of the project and also to  
5 discuss Lehman's involvement with the project going  
6 forward.

7 q Could you move the microphone closer to you?  
8 That would be helpful. Thank you.

9 A Sure.

10 q To your knowledge, did Mrs. Blagojevich have any  
11 background in finance or mezzanine loans?

12 A Not to my knowledge.

13 q Why did you invite her to this meeting?

14 A Because Mr. Rezko asked me to try and get  
15 Mrs. Blagojevich involved in the project and I  
16 thought that it would be helpful for her to sit in  
17 on this type of meeting.

18 q Do you recall Mrs. Blagojevich doing anything  
19 during the meeting?

20 A I do not.

21 q Did she do anything with respect to Lehman  
22 Brothers after that meeting?

23 A Not that I'm aware of.

24 q Did she attend any further meetings with Lehman  
25 Brothers?

Winter - direct by Niewoehner

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1 A No.

2 q Did Mrs. Blagojevich have any involvement in any  
3 other aspects of the Roosevelt and Clark project?

4 A Not that I'm aware of.

5 q Did Mr. Rezko ask you that you involve  
6 Mrs. Blagojevich in any other aspect of it?

7 A Other than what I testified previously related to  
8 her potentially selling or identifying sales  
9 opportunities for some of the developments lots or  
10 the townhome lots.

11 q And in 2003 and 2004 -- or, actually, let me back  
12 up. What is a development lot?

13 A The Roosevelt Clark site was 62 acres. In that,  
14 there were going to be 30 pads for condominium  
15 towers, apartment towers, and then another 500 or so  
16 pads for townhouses.

17 So a development lot could be a pod of  
18 townhouses, it could be a pad for a condo tower, it  
19 could be a pad for an apartment building.

20 q And in 2003, 2004, was the Roosevelt and Clark  
21 project at the point where you actually had any  
22 development sites?

23 A In 2003 and 2004 and continuing until today,  
24 Roosevelt Clark is a site that has no access.

25 There's no roads. You can't even get to the site.

1 So, no, and there was nothing to sell.

2 q So in 2003, when was the earliest that you felt  
3 there might even be development sites to market?

4 A Well, the infrastructure work probably would've  
5 taken 3 years to do. So assuming that would be the  
6 case, you might be out in the market, to market  
7 development sites, maybe a year prior to that. So  
8 at least a couple of years out.

9 q At that point, from your perspective, was there  
10 anything for Mrs. Blagojevich to do in terms of  
11 marketing aspects of the Roosevelt and Clark site?

12 A No, we weren't marketing anything at that point.

13 q At that point did you need anybody with  
14 Mrs. Blagojevich' experience to work on the  
15 Roosevelt and Clark project?

16 A No.

17 q I'm going to focus your attention again in the  
18 2003 and 2004 time period.

19 Did Mrs. Blagojevich have an office at  
20 Rezmar?

21 A She didn't.

22 q Did Rezmar have extra offices such that if she  
23 wanted an office, she could have had one?

24 A Sure.

25 q Did you see Mrs. Blagojevich at Rezmar in that

1 time period?

2 A I did.

3 q About how often did you see her?

4 A She was in the offices probably 2 or 3 times a  
5 month.

6 q Was she typically by herself when she was in the  
7 office?

8 A Most of the times that I saw Mrs. Blagojevich she  
9 was actually with her child, her daughter.

10 q And when you saw Mrs. Blagojevich in the Rezmar  
11 offices, who was she typically meeting with?

12 A Almost exclusively with Mr. Rezko.

13 q And did she typically stay long in the Rezmar  
14 offices on the occasions you saw her?

15 A In the occasions I saw her, she was there for  
16 15 minutes or so.

17 q In about the spring of 2004, was Rezmar  
18 considering purchasing an office building?

19 A There was talk of Rezmar moving offices, yes.

20 q And what would be the purpose of Rezmar moving  
21 offices?

22 A There was a contemplation of needing more space  
23 as the South loop project continued. So there was  
24 contemplation that they needed a larger office  
25 space.

1 q And were you involved in some of these  
2 conversations about possibly buying a new office  
3 building?

4 A Very peripherally I was involved in a couple of  
5 conversations related to that.

6 q And was Mrs. Blagojevich involved in this process  
7 of looking for an office building anywhere?

8 A I know that Tony Rezko asked Mrs. Blagojevich to  
9 try and identify office buildings that would fit  
10 what he deemed to be the needs of the company going  
11 forward.

12 q And to your knowledge, did Mrs. Blagojevich have  
13 any expertise in buying office buildings?

14 A No.

15 q From your knowledge of Rezmar, did Rezmar need to  
16 pay somebody a monthly retainer to look for office  
17 buildings that Rezmar could purchase?

18 MR. GILLESPIE: Judge, I'm going to object to  
19 leading.

20 THE COURT: Sustained.

21 BY MR. NIEWOEHRER:

22 q Are there brokers who specialize in buying office  
23 buildings?

24 A Yes.

25 q How are those brokers typically paid?

Winter - direct by Niewoehner

3814

1 A Well, my experience has been they're paid on a  
2 commission basis on the success of a sale.

3 Q So if there is no sale, do those brokers get  
4 paid?

5 A No.

6 Q If Rezmar had hired one of those brokers, would  
7 Rezmar have paid the broker anything if there was no  
8 purchase?

9 MR. GILLESPIE: Objection.

10 THE COURT: Sustained.

11 BY MR. NIEWOEHRER:

12 Q To your knowledge, did Mrs. Blagojevich identify  
13 any potential buildings that Rezmar might purchase?

14 A I'm aware of at least one and she might have  
15 identified others. To my knowledge, it's one  
16 building specifically.

17 Q Did you visit that building?

18 A I did.

19 Q From your perspective, was there any issues with  
20 purchasing -- was there any issues that Rezmar would  
21 purchase the building?

22 A My feeling was that the building didn't fit the  
23 needs that Rezmar was looking for.

24 Q And did Rezmar, in fact, end up buying that  
25 office building?



Winter - direct by Niewoehner

3815

1 A No, they did not.

2 q In fact, did Rezmar end up buying any office  
3 building in 2003 or 2004?

4 A No.

5 q I'm going to focus your attention in the time  
6 period when Mrs. Blagojevich was being paid on a  
7 monthly basis.

8 Did Rezko indicate to you in that time frame  
9 that Mrs. Blagojevich was working on anything with  
10 respect to development sites?

11 A There was a point in time where Mr. Rezko made me  
12 aware that Mrs. Blagojevich was following up on a  
13 lead for development site that was currently owned  
14 by Commonwealth Edison, that's the only site I'm  
15 aware of.

16 q And what types of -- in that time frame, what was  
17 Rezmar -- or what types of properties did Rezmar buy  
18 to develop?

19 A Rezmar typically owned townhome sites throughout  
20 the north side of the city. They had done -- in an  
21 earlier iteration of the company, they had done some  
22 affordable housing projects in the south side, but  
23 in the time that I knew them typically they were  
24 focused on townhome site developments on the north  
25 side of the city and they had one condo site

Winter - direct by Niewoehner

3816

1 development on Chicago Avenue.

2 q And how many units was Rezmar typically building  
3 on a site?

4 A 50 to 100.

5 q Again, were there brokers in the Chicago area who  
6 specialized in locating development sites?

7 MR. GILLESPIE: Objection.

8 THE COURT: Sustained.

9 BY MR. NIEWOEHRER:

10 q Did you talk with Rezko about any particular  
11 development sites that Mrs. Blagojevich was involved  
12 in?

13 A The only one that I discussed with him was the  
14 Com. Ed. site that he brought to my attention at  
15 some point.

16 q Did Rezmar end up purchasing that site?

17 A No.

18 q In fact, in 2003 and 2004, did Rezmar purchase  
19 any development sites?

20 A No.

21 q I'm going to direct your attention now to the  
22 summer and fall of 2004.

23 In that time frame, were you involved in any  
24 way in a Rezmar project located on Peterson Avenue  
25 in Chicago?

Winter - direct by Niewoehner

3817

1 A I was involved only because Mr. Rezko had asked  
2 me to just take a look at it because there were  
3 significant problems with the project.

4 q And as a result, were you involved in trying to  
5 deal with some of those problems?

6 A I was involved in trying to see if there were  
7 solutions, but they were virtually unsolvable, so I  
8 guess I took a look at it and spent a little time  
9 with it.

10 q And was Mrs. Blagojevich involved in any way in  
11 this Peterson project?

12 A Yes; Mr. Rezko had asked Mrs. Blagojevich to  
13 identify prospective brokers for the project.

14 q And did, in fact, Mrs. Blagojevich identify any  
15 potential brokers?

16 A She -- she identified a couple and we met, she  
17 and I met with one, that I can recall.

18 q Did Rezmar ever hire that broker?

19 A No.

20 q why not?

21 MR. GILLESPIE: Objection.

22 THE COURT: The objection is sustained.

23 BY MR. NIEWOEHNER:

24 q Was the Peterson development ever actually built?

25 A No.

winter - cross by Gillespie

3818

1 q Was there anything to market -- well, let me  
2 rephrase the question.

3 what was the state of the Peterson project  
4 when you left in the spring of 2005?

5 A The project was ill conceived from the standpoint  
6 that it financially didn't work. So nothing had  
7 been done other than the existing building, which  
8 was a 3-story office building, was demolished. So  
9 it was just a vacant piece of land.

10 q And, again, this project development involving  
11 Peterson was that in the summer and fall of 2004?

12 A Correct.

13 MR. NIEWOEHNER: Nothing further, Your Honor.

14 MR. GILLESPIE: Judge, would you like me to  
15 start?

16 THE COURT: Sure.

17 MR. GILLESPIE: Thank you.

18

19

20 CROSS EXAMINATION

21 BY MR. GILLESPIE:

22 q Sir, good evening.

23 A Good evening.

24 q My name is Mike Gillespie. I'm one of the  
25 attorneys who represents Governor Blagojevich.

1 I'm going to be asking you some questions  
2 this afternoon, sir. If you don't understand me,  
3 please ask me to rephrase the question. I'd be more  
4 than happy to do so.

:48PM

5 A Of course.

6 q I think you told us, did you not, sir, that you  
7 first met Mr. Rezko in approximately the middle of  
8 1990?

9 A I didn't say that.

:48PM

10 q When did you meet Mr. Rezko?

11 A I probably met Mr. Rezko in 1996, '95, somewhere  
12 in there would be my guest, but I don't have any  
13 specific knowledge.

:49PM

14 q So if I characterize it as somewhere mid 1990,  
15 that would be okay?

16 A Mid 1990's?

17 q Yes.

18 A Yes. Oh, I thought you said 1990. In the mid  
19 1990's would a fair characterization.

:49PM

20 THE COURT: Let's come to the side for a  
21 moment.

22 (Proceedings heard at sidebar on the  
23 record.)

24 THE COURT: How long have you got with him?

25 MR. GILLESPIE: An hour and some change.

winter - cross by Gillespie

3820

1 THE COURT: The jury is beginning to look  
2 numb. We'll adjourn.

3 (Proceedings resumed within the hearing of  
4 the jury.)

5 THE COURT: We are going to adjourn.  
6 Tuesday at 9:30.

7 THE MARSHAL: All rise.

8 THE COURT: Wait. Wait. Stop. Stop.

9 I remind you again about not paying any  
10 attention to news reports, the blogs, to any  
11 coverage of this case in any way, and to avoid  
12 anybody who wants to talk to you about it and not to  
13 talk about it yourself.

14 with that, have a nice holiday.

15 THE MARSHAL: All rise.

16 (Witness temporarily excused.)

17 (The following proceedings were had out of  
18 the presence of the jury in open court:).

19 THE COURT: Counsel wanted to address  
20 scheduling for next week?

21 MR. SCHAR: Yes, Judge. Just before we do  
22 that, I assume there are a number of exhibits that  
23 went into evidence today. We're going to be asking  
24 to release those, as well as the recordings.

25 THE COURT: Subject to the standing

1 objection, you may release them.

2 MR. SCHAR: Yes, in terms of scheduling,  
3 Judge, things have certainly proceeded at a pace  
4 that was quicker than we anticipated, I think which  
5 is all for the better. We are in the process of  
6 still getting our final witnesses in order, but I  
7 think it is likely that we will either rest  
8 certainly not next week but the week after, and if  
9 not that week, very early the following week, but  
10 more likely than not, sometime the week after next,  
11 understanding it's a short week next week.

12 We bring that to Your Honor's attention,  
13 obviously, for a variety of reasons, not the least  
14 of which is that I assume we will thereafter  
15 immediately roll into the defense case. And so we  
16 would want to put defense on notice as to whatever  
17 witnesses they think appropriate to be available.

18 And, in addition, the pressing issue, I  
19 think, Judge, is the issue of recordings that the  
20 defense intends to offer or play or attempt to offer  
21 or play.

22 In the past, Your Honor has encouraged  
23 defense to provide transcripts of those recordings.  
24 We have received nothing. And, obviously, our  
25 position on probably most, perhaps not all, is that

1 they're going to be hearsay, and unless there are  
2 certain exceptions that are met, which we'll have to  
3 go on a case-by-case basis of each recordings, in  
4 addition to checking the accuracy of any transcripts  
5 that intend to be offered, is going to be a  
6 laborious and time-consuming process.

7           So at this point we think it's appropriate  
8 for your Honor to set certainly a deadline for the  
9 defense to tender those. I assume there will be  
10 significant litigation on it, unless they don't  
11 intend to offer any recordings.

12           THE COURT: You want to say something, go  
13 ahead.

14           MR. SOROSKY: We've digested what they said  
15 and we'll get to it.

16           THE COURT: I have actually received, on an  
17 ex parte basis, an excerpt for the defendant Robert  
18 Blagojevich.

19           what I would ask Mr. Ettinger to do is take  
20 another look, because some of them you may or may  
21 not wish to withdraw, but the time has come when you  
22 have to tell us.

23           MR. ETTINGER: Fine.

24           THE COURT: And what I'm setting is a  
25 deadline next wednesday. what we will probably do,



winter - cross by Gillespie

3823

1 because the volume submitted to me by Robert  
2 Blagojevich is quite large and this would lead me to  
3 believe that it is possible, though not necessarily  
4 so, that for Defendant Rod Blagojevich the pile  
5 might be even larger, but there are reasons why it  
6 might be a lot smaller, too.

7 If you get both of them on Wednesday, I would  
8 propose to start dealing with it at various times  
9 beginning the next week, which means we are talking  
10 about beginning with it the week of July 12th and  
11 we'll see how it goes.

12 There might be a lot to do. Worse comes to  
13 worst, we'll stay late after trial. And it is  
14 possible that in terms of the defense case, we will  
15 be dealing with maybe the week of July 19th, maybe  
16 the government's case might go into that a little.  
17 But since decent progress has been made, I believe,  
18 to believe to the relief of every lawyer standing  
19 before me, we'll be able to allocate time to deal  
20 with them on a transcript-by-transcript basis.

21 So with that, anything else?

22 MR. GOLDSTEIN: Your Honor, one matter as to  
23 that. I know we delivered a binder to Your Honor's  
24 office. I just want to make sure you received that.  
25 We did deliver it before the trial began.

1 THE COURT: You want to know something, you  
2 did, and I have it in my -- but I want you to go  
3 through yours as well.

4 MR. GOLDSTEIN: Oka. Good. Just wanted to  
5 make sure.

6 THE COURT: Yes, as you mentioned it, I  
7 realized I had forgotten, and the reason I have  
8 forgotten is I have the defendant's Robert  
9 Blagojevich on my desk, but I don't have yours.

10 MR. SOROSKY: Two points, Your Honor.

11 THE COURT: Sure.

12 MR. SOROSKY: First, in light of what Your  
13 Honor has seen the good progress we have made,  
14 perhaps we could cover the transcript issue after  
15 the government rests where the Court would be in the  
16 best position after hearing the entire government's  
17 case to know just how relevant they are.

18 THE COURT: I believe there are going to be  
19 two principal issues, so this is my preview to you:  
20 First, much of what I've seen offered is  
21 inadmissible as hearsay. Very little of it would  
22 come in under the completeness rule, that's the  
23 first issue with respect to the vast majority that  
24 I've read.

25 The other issue is, even when there are

1 passages for which one can make an argument based on  
2 completeness without having their face turn bright  
3 red, even if you assume there are some there, much  
4 of what the government played did contain the kind  
5 of material that the defense would want. It's not  
6 that what the government selected was an unremitting  
7 picture of the defendants as villains, there were  
8 references to things which I believe defense counsel  
9 would want to site in closing argument as well.

10           So the government may well be respond when  
11 you say I want this text to show that the defendant  
12 was very clear on this or that good intention, the  
13 government may very well be able to respond that  
14 this is shown by other things which they have  
15 played, not that they believe it, but that the  
16 evidence is there.

17           Third, a lot of this admissibility will  
18 depend on what the precise focus of what the defense  
19 is. Or to put it another way, the time is going to  
20 come when you're going to have to tell me exactly  
21 how you intend to defended this case.

22           In the course of questioning, there have been  
23 several themes suggested by the Defendant Rod  
24 Blagojevich, there hasn't been very much in the way  
25 of suggestion by the defendant Robert Blagojevich,

1 and some of those themes are not necessarily  
2 consistent.

3       Also, I have received notice of an  
4 affirmative defense, which as notices of that  
5 particular affirmative goes, pretty sketchy,  
6 particularly toward the defense that has certain  
7 technical prerequisites, and I'm going to have to  
8 know how those prerequisites are going to be met.  
9 Some of that, arguably, could involve recordings  
10 which were not played, but there's no way I can tell  
11 that if I don't know precisely what conversations  
12 either of the defendants intends to rely on to  
13 support the affirmative defense which has been  
14 noticed. And what a defendant says to someone, as  
15 well as the response given by that particular  
16 person, is absolutely crucial if there is still an  
17 attempt to use that affirmative defense.

18       So we may periodically be taking part of a  
19 day to deal with these issues, we may not, we'll see  
20 how it goes, but the process should at least start  
21 by giving the government a list of what it is you  
22 intend to offer and we'll go from there.

23       But this is, basically, what I'm thinking  
24 about. Now, if, for example, that affirmative  
25 doesn't get offered, it makes everything a lot

winter - cross by Gillespie

3827

1 simpler, but that's your decision to make, not mine.  
2 with that, see you next week.

3 MR. SOROSKY: what about witnesses, who are  
4 our next witnesses?

5 THE COURT: wait. wait. They'll tell you  
6 privately and I'll leave.

7 MR. SOROSKY: Okay. Thank you.

8 THE CLERK: All rise.

9 (Adjournment taken from 5:03 o'clock p.m.  
10 to July 6, 2010.)  
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:03PM

winter - cross by Gillespie

3828

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I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT

6

FROM THE RECORD OF PROCEEDINGS IN THE ABOVE-ENTITLED

7

MATTER

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/s/Blanca I. Lara

date

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